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CONFIDENTIAL

TITLE: THE RELEVANCE OF COMMUNICATIONS AND BEHAVIOURAL KNOWLEDGE TO
LABOUR MANAGEMENT RELATIONS—A NEW ROUTE

AUTHOR: Mr. G. K. Cowan,
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CHARLOTTETOWN, P.E.I.

DRAFT STUDY

Canada
prepared for

TASK FORCE ON LABOUR RELATIONS
(Privy Council Office)

PROJECT NO.: 59

Submitted: NOVEMBER 1968

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THE RELEVANCE OF COMMUNICATIONS AND BEHAVIOURAL KNOWLEDGE TO

LABOUR MANAGEMENT RELATIONS—A NEW ROUTE

Implications Flowing From the Economic and
Other Goals of Basic Mutual Interest to
Labour and Management

Prepared for the Federal Task Force on Labour Relations

G.K.Cowan

Ottawa, November 22, 1968

THE RELEVANCE OF COMMUNICATIONS AND BEHAVIOURAL KNOWLEDGE TO

LABOUR MANAGEMENT RELATIONS—A NEW ROUTE

<u>Contents</u>	<u>Page</u>
General Summary	i
<u>Introduction</u>	2
Resource Background	3
The Behavioural Sciences	4
Assumptions	7
<u>The Modern Study of Communications</u>	9
The Process of Communication	10
Communication Problems	11
A. Filters	11
i) Emotions	11
ii) Values and Concepts	12
iii) Goals	14
B. The Problem of Transmission Mechanisms	14
i) written Messages	14
ii) Assumption that Other Party Knows	16
iii) Third Party Blockages	16
C. Feedback Process	18
Improving Communications	19
1. Climate is Essential for Good Communications	19
2. Face-to-Face Communications	20
3. Continuous Communications	20
4. Common Goals and Message Content	21
Communications and Labour Management Conflict	22

FINDINGS FROM THE BEHAVIOURAL SCIENCES

<u>Contents</u>	<u>Page</u>
Goals and Purposes of Research	25
Historical Sidelights	26
<u>Some Basic Theory</u>	27
Individual Behaviour	27
General Systems Theory versus Stimulus Response	27
Changing Motivation and Attitudes	28
Hierarchy of Needs - <u>Maslow</u>	30
Extrinsic and Intrinsic Motivation - <u>Hertzberg</u>	33
<u>Goals and Objectives</u>	34
<u>Participation</u>	37
Group Behaviour Theories	37
<u>Inter-Group Conflict</u>	38
(a) Tensions Between Individuals	38
(b) Tension Between Groups—Labour versus Management	39
1) Ineffective Communications	39
2) Mutual Distrust	39
3) Differing Perceptions of the Same Issues	39
4) Poor ' <u>Listening</u> ' on Both Sides	40
5) Ideological Differences	40
6) Ineffective Use of People	41
7) Poor Understanding of Rights and Obligations	41
(c) Group Pathology and the Win-Lose Approach	41
<u>Leadership Questions</u>	43
<u>Worker Frustration and Psychological Failure</u>	46

SOLUTIONS TO INDUSTRIAL RELATIONS PROBLEMS SUGGESTED
BY BEHAVIOURAL AND COMMUNICATIONS RESEARCH

<u>Contents</u>	<u>Page</u>
A Total Problem Requires a <u>Total Solution</u>	52
<u>Future Research</u> and Present Limitations	53
Summary of <u>Problems</u>	55
1. Real and apparent conflict in goals	55
2. Conceptual differences	55
3. Basic hostility	55
4. Worker frustration	55
5. Poor communications	55
Outline of <u>Solutions</u>	55
1. The decision	55
2. Mutual goals	55
3. Participation	55
4. Communications	55
Tensions Between <u>Two Individuals</u>	56
1. Rigid attitudes	56
2. Communications breakdown	56
3. Distortion in perception	56
4. Distrust	56
Healing Process	57
Tensions <u>Within a Group</u>	58
Group Psychology	58
Methods of Reducing Group Tension	60
"T" Groups	61
Tensions Between Groups - Labour vs Management	62
Some <u>Special Problems</u> of Application to Labour- Management Conflict	66
a) Split Power	66
b) Organizational Differences	66
c) Partners and Combattents	67
d) Cyclical Influences	67
e) A Dynamic, not Static Relationship	68
f) Division within Union	68
g) Informal Work Groups	68
h) The Economics of Conflict	69
i) Total Environment Considerations	70
j) Ideological Differences	70
k) Separation of Labour Relations from General Operations	72

SOLUTIONS TO INDUSTRIAL RELATIONS PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
ATTITUDINAL CHANGE: THE DECISION TO ADOPT PROBLEM-SOLVING METHODS	77
Win-Lose Easily Adopted	79
Management Initiative	80
Labour Initiative	81
<u>ESTABLISHING MUTUAL GOALS</u>	84
<u>Limitations and Inadequacy of Conflict Theory of Labour Relations</u>	84
<u>Historical Change to Primacy of Mutual Interest</u>	86
<u>The Basis of Mutual Interest</u>	87
1. <u>Economy of an Individual Company</u>	87
Profit on Investment	88
Price and Productivity Qualifications	88
2. <u>Economy of the Country</u>	89
Success of National Economy	89
3. <u>Productivity, Wages and Profits</u>	90
Labour as a Commodity	91
Long-Term Employees	93
4. <u>Profits</u>	93
5. <u>Profits versus Wages</u>	94
Rent, Interest and Non-incorporated Income	97
In Summary	98
Cost of Conflict--A Mutual Loss and Mutual Concern	99
The 'Free'-Market	100
The Capital Market	100
Social Goals--A Limiting Factor	101
Democratic Processes	102
Moral Limitations	102
<u>Valid Conflict in the Power Bargaining Relationship</u>	103
1. <u>Acceptable Bargaining Areas</u>	104
2. <u>'Natural' Conflict</u>	105
Generation Gap	107
Some Conclusions	108
Integrating Goals	108

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
<u>PARTICIPATION</u>	114
<u>Managerial Theory</u>	115
"Reality Oriented Leadership"—The Current Trend	115
'Participative Management'	116
<u>Laboratory Solutions</u>	119
Insights Gained	122
<u>Research and Specialist Oriented Approaches</u>	126
<u>Joint Consultation—Committees and Other Programmes</u>	128
U.S. and European Developments	129
Canadian Cases	130
Origins of Canadian Committees	132
<u>Structures of Joint Consultation</u>	133
a) Regular Scheduled Joint Committees	133
b) Problem Solving or Special Informational Meetings	133
c) Joint Study Teams and Research	134
d) Multi Union-Company Committees	135
e) Departmental Joint Committees	136
f) Inter-plant Committees	136
g) Tripartite Committees	136
Representation on Joint Committees	138
Terms of Reference and Subject Matters	139
The Problem of <u>Power</u> in Joint Consultations	142
Usurping Supervisory Functions	144
Subject Matters for Joint Discussions	145
<u>Attitudinal Factors</u>	148
<u>Time and Persistence Required</u>	149
<u>Frequency of Formal Joint Consultations</u>	151

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

Contents

Page

PARTICIPATION (CON'T)

Joint Consultation—Committees and Other Programmes (Con't)

Communications and Joint Consultation 152

Daily and Informal Consultations 152

Grievance Reduction 153

International Harvester Company Case 154

Bargaining Aspect 155

Establishment of Mutual Goals 157

Worker Satisfaction--The Management Role 158

Face-to-Face Relationships 162

Management Acts 162

Group Meetings 163

Goal Setting 163

Job Enlargement 163

Suggestion Systems 164

Managerial Responsibilities in Joint Consultation 166

Progressive Leadership 166

Attitudinal Climate 167

Contract Legalism 167

Organization and Handling of Internal 168

Management

Foreman Selection and Training 169

Good Management 170

Additional Guidelines 170

Monetary 'Participation', Profit and Productivity Sharing 172

Acceptance of Productivity Goal 172

Cyclical Disadvantages of Present System 172

Canadian Agreement 174

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
<u>COMMUNICATIONS</u>	177
Communications Solutions	178
Summary	178
<u>Communicating Levels</u>	180
a) Foremen and Workmen	180
Foremen-Employee Meetings	181
b) Foremen and Stewards	182
c) Foremen and Management Hierarchy	183
d) Senior Management and Other Management Groups	185
e) Senior Company Management and Union Officers	185
f) Senior Management and Workmen	187
<u>Face-to-Face Methods</u>	188
i) Annual Business Reviews	188
ii) Employee Participation in Consultation Meetings	188
iii) Employee Luncheons	189
iv) Plant Visits, Picnics, etc.	189
v) Individual Employee Interviews and Surveys	189
g,h,i) Communications Within the Union	190
The Importance of Perception in Communications— Additional Consideration	196
Different Perceptions of Same Issue	197
Management's Image	198
The Union's Image	199
<u>Economic Conceptual Problem: Needed—A New Label</u>	200
<u>Social Goals of Labour and Management— Closer Than Realized</u>	209
<u>"The Socially Directed Market Economy"</u>	213
Brief Historical Development	213
The Framework of a "Socially Directed Market Economy"	215
1. Governments	215
2. Private Organizations	216
3. Economic Research	217
4. Adequate Consultation	217
Conclusions and Recommendations	222
	236

GENERAL SUMMARY

(Note -- a summary necessarily creates problems of accurate interpretation since many qualifications and contributing observations are omitted for the sake of brevity.)

A promising 'new' approach in labour and management relations has come into focus. It rises from the application of recent research findings in the communication, behavioural and economic sciences. Already being tried with success in other areas of social conflict as well as labour management relations, it has important implications for solving the wider problems of man's relationship to man, upon which advances in civilization now so clearly depend.

Unfortunately, a large number of influential industrial relations opinion-makers in the ranks of labour, management, university and the law are almost totally engulfed in the theory and widespread fact of labour-management conflict. It has blinded them to the economic and other evidence of today's modern industrial economy in which the various segments, including the government's role, are heavily interrelated and interdependent, a situation reinforced by the general rise in education levels and rising expectations among the public at large. Due to these and other factors, the mutual interests of both labour and management have become monumentally greater than the interests over which they quarrel.

Management cannot neglect society's determination to achieve the basic goals of full employment and rising standards of living for all Canadians, nor can labour neglect the needs of industry and the well-being of the whole economy on which rising living standards depend. Nor can either side turn deaf ears to the needs and problems of the underprivileged areas and groups in Canada and in the developing world, especially in view of our dependence upon trade and upon world stability.

Failures in communications, a general failure in economic understanding, and failures in the practices and attitudes of the bargaining parties are the root problems. Extensive evidence in research and in industrial practice is available which shows that significant benefits come to both sides and to the public at large when adequate attention is given to integrating the goals of labour and management and to removing the causes of conflict.

The Communications Problem

It has been established that one of the primary causes of conflict between individuals and groups, including labour and management, is communications failure. What causes communications failure? First, it must be understood that when two persons or two groups try to communicate with each other, they not only are transmitting words, ideas and facts but also feelings, attitudes and emotions.

Communication Blocks: Research suggests that there are three primary blockages to 'good' communications, i.e., when the other party 'understands' fully what has been communicated:

1. Filters: Each human being has certain filters inside himself: (a) emotions, (b) values and concepts, and (c) goals or objectives through which communications coming in or going out must pass. If a person dislikes unions or resents managements, or if he has an image in his mind that unions are crooked and a management by its very nature is totally buccaneering, or if he has certain goals in mind such as winning the union leadership or hiding ugly facts from the Board of Directors of the company, these inner filters tend to distort facts to the person receiving or sending them. Until these filters are either removed or clearly understood by the person so that information and feelings communicated are recognized factually, communications remain distorted.

2. Transmission Mechanisms: The right method of communicating is vital:

- (a) Written messages, unless the words have the same meaning to the other person, can block understanding. Also, busy people often don't read -- or don't notice.
- (b) Assuming the other party knows. Too often intelligent leaders assume that because a situation is clear to them it must also be clear to the other party and they do not bother to transmit important information.
- (c) Third party blockages. It is well known that the more people through whom a message is passed, the more distorted it tends to become. In large organizations with hierarchical layers of management or labour, communications always tend to be blocked or distorted in passing up or down. Each person through whom information is passed becomes a 'gate keeper', regulating and changing the flow and nature of information according to his own filters of prejudice, evaluation, etc.

3. Feedback Processes: One of the primary communication failures is lack of feedback from persons on the receiving end of communications. People assume, wrongly, that merely sending communications is sufficient. There is no certainty that the messages communicated have reached their destination and are properly understood until the receiver reports back indicating that the message has been both received and understood. To their sorrow, managers and union officers have frequently assumed that their communications were being 'understood' at lower levels.

Improving Communications

- 1. Create a 'climate' between the parties which reduces the distrust and clarifies the values and concepts.
- 2. Use face to face communications to ensure that a proper feedback is taking place -- as well as written material.

3. Communicate continually.
4. Establish common goals between the parties.

Findings from the Behavioural Sciences

The study of what motivates people at work and elsewhere has progressed rapidly in the past 30 years. For a long time, however, the works of psychologists, sociologists, communicators and others were travelling down isolated paths. In recent years, men like Douglas McGregor, D. McLelland of Harvard, A. H. Maslow and Frederick Herzberg have brought various fields of knowledge together to try to explain behaviour and its motivations.

The well-known Hawthorne experiments in 1931 pioneered in establishing that the place of work was a social as well as an economic centre and that man responded to noneconomic motivations as well as economic ones.

Recent behavioural research has challenged the mechanistic view of man which says that men are simply and only products of their environment -- mere billiard balls knocked about by outside forces on the table of experience. Man is influenced by his environment but he is also a creature who responds to factors within himself -- and can decide on his own course of action, often in spite of his environment. Employees, it has been found, only give their top effort and interest to a job if this has come voluntarily from within themselves.

Current thinking that the 'carrot and stick' approach is all that you require to motivate and satisfy a work force or a union is inadequate. Money is important to people and fear is also heeded within limits, but neither will ensure that the great voluntary, creative or 'achievement' forces within a man will be released in his work. This is especially true in a period of increasing education and expectations as well as high employment, general prosperity and social security when people can find other or more satisfying work -- or just a change.

Research shows that an appropriate 'climate' is necessary at the place of work. Man has a 'need' to belong, to be accepted as important, to give and receive warmth and friendship. He also 'needs' to have some sense of independence as well as to feel that he is developing his potential and doing useful, challenging or creative work and gets earned recognition. Only in satisfying these 'higher needs' at least partially, does man release his full energy, interest and creativity in his work on his own volition -- and, important to the problems of labour-management relations, does he find reasonable satisfaction in his work and place of work.

Causes of Conflict

Behavioural scientists, after examining the factors which lead to conflict between individuals and groups have classified conflict-inducing factors in labour-management relations. They include:

1. Rigid attitudes, "I am right, you are wrong";
 2. Ineffective communications;
 3. Mutual distrust;
 4. Differing perceptions of the same issue, i.e., job facts, the economy, profits, etc., plus wrong or inadequate conceptions of the other party;
 5. Poor listening on both sides;
 6. Ideological differences, i.e., working towards different kinds of economic systems;
 7. Ineffective use of people, i.e., employees or management dissatisfied with the nature and organization of their work and the relationships around them.
- Widespread industrial engineering concepts of the division of work have tended to place the educated planners and enforcers on one side -- management, and the doers and dolts on the other -- the workers. In today's more educated and questioning world, people tend to react against such a division

of superiors and inferiors and want to participate more in the decision-making or 'feel' involved;

8. Poor understanding of rights and obligations;
9. Conflicts of interest -- (frequently more imaginary than real).

The Mutual Goals of Labour and Management

The resolution of conflict in labour-management relations raises the question of the very nature of the relationship. Is it not by nature a conflict of interests? To a very small degree, yes; to a great degree, no.

Where do increases in wages and increases in profits come from? For fifty years, capital and labour have taken out of the economy increasing amounts of money almost exactly equal to the economy's increases in productivity, and the amount each has taken has remained the same in relation to the other, according to available statistics. The same holds true of the amounts which shareholders and workers take from any individual company which is in a truly competitive position over a reasonable period of years.

Approximately 80 per cent of the total net national income already goes to wages and salaries while approximately 2 to 4 per cent only is paid out in dividends of which a high percentage is believed to be reinvested in industry. If this money, along with an almost equal amount of profits which are directly reinvested in industry, was not available for this purpose, it would have to be raised through taxation in order to maintain the growth of the economy. Therefore, in real terms, significant increases in income to either labour or capital can only come from increased productivity, a more productive use of our national resources.

Yet neither management nor labour treats each other as if they do have such a high mutual dependence upon productivity. What they truly bargain over is but a tiny percentage of the total.

Problems of area, group or individual poverty which are not relieved in the growth of a healthy economy require the special attention of public and private bodies and are usually beyond the scope of collective bargaining.

Other Mutual Goals include:

1. General well-being of the economy on which both sides depend;
2. Achievement of the social goals outlined in the Act of Parliament establishing the Economic Council of Canada in which the government clarifies its responsibility for seeing that the economy provides:
 - (1) full employment;
 - (2) rising standards of living for all Canadians;
 - (3) improved distribution of increasing wealth. In seeking these three and other associated goals, as government's ability to assess problems in the economy becomes more effective, neither management nor labour will be able to pursue to excess courses which might deter economic growth and the pursuit of these goals without, in all probability, some appropriate government reaction;
 - (4) protection of democratic processes;
 - (5) the search for peace, i.e., peaceful solutions to mankind's problems in place of raw conflict;
 - (6) an effective world economy in which industrial nations assist undeveloped countries to raise living standards more rapidly. On this achievement, future world and Canadian security hangs.

Valid Power: There will be, nevertheless, a 'natural' tendency to conflict in the two-sided labour-management relationship. Each side will also want to retain basic powers in order to prevent injustices and to ensure the primary aspect of the labour-management relationship. The effective co-ordination of power in the production partnership is the goal.

Special Problems of Labour-Management Relations

The relationships between labour and management are complicated by special kinds of problems:

1. Bargainers on both sides are not usually free to make decisions but must defer to general union or top company demands. Therefore, new approaches must involve all sources of influence on both sides to be properly effective.
2. Company organizations tend to be authoritarian while union leaders are selected and therefore politically oriented.
3. Companies and unions have a dual relationship, being partners in production and combatants in bargaining.
4. The relationship is ever-changing depending on how problems are solved each day. Little is hereditary.
5. The tendency of management organization has been to split off union and employee relations from general production sales and operational decision-making so that neither employees nor union officers are in a position to feel any great sense of involvement or responsibility for the effectiveness of general operations.

Solutions

Behavioural and communications solutions to labour-management conflict can be grouped into four interconnected processes:

1. Decision to Adopt "Problem Solving" Methods: Evidence from experiments and from a considerable number of well established Canadian cases and many in other countries indicates that when managements decide to adopt a problem-solving approach instead of the traditional win-loss relationship, unions and employees respond positively, if this attitudinal change is pursued effectively throughout the whole organization with skill and care over a period of time. Labour, too, can take a positive initiative, but in most cases the initiative has come first

from management, since it is more free to act and has more resources available. A basic decision to try out problem-solving approaches on an adequate basis is therefore essential as a first step, preferably by both sides.

2. Participation and Joint Consultation: A wide variety of joint consultation processes and new participative management techniques are proving effective. Senior management and junior levels, foremen and workmen, company officers and union officials at each point of contact join more closely in discussing and solving problems of production and of employee-company-union relations. Such activities have included (a) regular joint in-plant labour-management committees, (b) daily, informal on-the-job consultation, (c) special informational meetings, (d) joint study or research teams, and (e) positive bargaining and grievance handling approaches.

Success depends on such factors as the adoption of problem-solving attitudes. Management does not surrender its responsibility to manage, nor union leaders their responsibility to the membership. It becomes, in fact, a more intelligent use of power to mutual advantage. Management takes full account of labour's concerns and labour attempts to understand the problems which management must solve. A kind of consensus or understanding of the necessities leading to a decision is generated.

At the supervisor-employee level, effective participation has been demonstrated through supervisors' successful inclusion of their men in problem-solving on the job and general orientation of the whole work group towards the problems of production and sales, on which so much depends. Closer consultation with union stewards is also a factor.

3. Establishing Mutual Goals: The goals of management and labour as groups which include productivity and thus income improvement, increased job satisfaction

and better general relations need acceptance by both sides to bring about a co-ordination of efforts. A growing number of companies and unions have achieved this through improved consultation and communications. Some have also agreed on productivity and profit-sharing formulas. Others share productivity improvement through straight bargaining.

The integration of the personal goals of individual employees with company goals is an equally important step. Many techniques of joint goal-setting are being used effectively at various levels in company-union and supervisor-employee relationships. The new managerial theories, McGregor's Theory "Y", Blake and Mouton's "9-9" Theory and Likert's "Participative Management" concepts which stress the importance of joint goal-setting based upon the latest behavioural knowledge have proved effective in practice. This study extends the application to the labour relations field.

4. Communications Improvement: This is fundamental to an improved relationship. Expanding participation of employees in decision-making provides an important vehicle for up-and-down communications. Communications between policy-making senior company officers with all levels of management as well as with non-management employees is vital. Communications of foremen with employees, company with union officers at all levels and senior union officers with lower level union officials and union members have to be kept in good working order.

Various methods are used. In view of the importance of face-to-face meetings, some company presidents or senior officers hold annual general meetings with all employees in groups or, in the one case, through a series of luncheons at which time the story of the year's progress and problems, and the issues for the year ahead are discussed. Questions are encouraged. Plant visits, employee papers, letters and other special programs supplement face-to-face communications

methods. Interviews with individual employees, opinion surveys and other procedures have also proved valuable. Regular meetings with work staffs on job-related units or departments have proved particularly effective.

Work Satisfaction: In line with behavioural knowledge, it has been shown that employees have found both greater satisfaction and a desire to be more creative about the job -- and thus more productive -- when face-to-face communications with foremen are improved, when meetings have been held on the job, company and general economic problems and goals are set together, and jobs are enlarged or enriched to become more challenging, following Herzberg's concept.

The Economic Perceptual Problem

The problem of perception in communications must have high priority since two persons or groups so readily perceive the same things differently. It was found, for example, that a considerable amount of union-management conflict derived from not only perceptual failures about job information and intentions of the other party, but from a failure on both sides to perceive the 'new economics' of this era in the same way. The words 'Capitalism', 'Socialism' or even 'Mixed Economy' are not appropriate to describe the new kind of economy which originated with the English economist John Maynard Keynes in the 1930's and has been increasingly practiced and improved upon by most Western world countries including Canada and the United States.

This failure to 'understand' the economy has caused labour, and, at this time, vocal student groups to fear the free market, business men to fear and react to the government's intrusion into the economy and elements of government to want to 'manage' more and more of the free market process of supply and demand. A new title is required to clarify the nature of the economy -- and a major education program is needed to ensure understanding of its processes so that all

participants can act more effectively in their own and the general public's interests.

The title, "A Socially Directed Market Economy" is recommended.

In this kind of economy, the government has assumed responsibility to ensure that the 'economy' is moving towards and meeting the basic social goals -- full employment, rising standards of living for all Canadians and improved distribution of increasing wealth (see Economic Council of Canada Act). It does this in several ways, including the use of monetary and fiscal policies to maintain the growth of the economy at a fast enough pace to ensure full employment or to slow down inflation, redistribution of wealth by taxation through educational grants, pensions, special allowances to underdeveloped areas, etc.

But the primary development of wealth through effective use of resources for consumer use remains the task of the private organizations of business, finance and labour in a 'free market'. The free market, while operating within a government circle of social policies, noted above, is a vehicle which most economists agree is the most effective economic development vehicle yet devised for a consumer-oriented economy.

The market, as a result of customer purchases and the volume of goods and services made available, makes all the necessary millions upon millions of decisions on how much shall be made of any particular item, what kind and quality of goods there shall be and what price is paid, and so on. This is done without huge and costly government controls -- controls which, for example, the East Europeans have found increasingly impossible to manage as their economies become more consumer-oriented.

Equally important, the free market allows great flexibility, so that an economy can quickly put to work new scientific innovations which benefit man

while permitting and encouraging individual and group creativity and effort, the engines of economic growth. The government's role is to ensure that the market is working effectively, providing checks against monopolies, unfair and dishonest marketing practices, improper use of diminishing resources and ensuring that resources are directed to dire social needs such as housing. Economic and social research is part of this new economic process so that continuing improvements can be made.

The extent to which the 'system' is effective is suggested by the fact that, in association with international economic mechanisms, serious depressions have been avoided since World War II while in Canada the general standards of living continually rise. For example, between 1953 and 1964 Canada reduced the numbers of nonfarm families with incomes of \$3,000 or less (in constant dollars) from 2/5 of the nonfarm families to just over 1/5. This is the trend. The remaining, all-too-large pockets of poverty and area poverty, however, require 'special' and concerted attention as well as other problems. Close co-operation between labour, management and government in the development and execution of policy is also essential for continued progress.

Economic Education

Public, employee and management appreciation of our 'new economics' is essential. Since labour is in a difficult position to educate its members, it will lie largely with management or a joint program to bring about economic understanding throughout Canadian industry among present employees, while educational institutions will need to send youth out into the working world in the future with a better basic 'appreciation' of the economy in which they will participate.

Joint labour-management councils and other consultation processes at national, provincial and in-plant levels can greatly assist such an educational

program. Employees, it has been demonstrated in a number of cases examined, can come to relate their own job and their own objectives with the realities of the market and the company's economic health when employers pay due respect to behavioural and communications problems. Government departments of labour should also orient their various services so that they can provide plants, industries, government departments and their unions with skilled assistance in helping them create economic understanding and a problem-solving 'climate' on the job and in union-management relations, in place of the present excessive conflict orientation. A number of educational and other aids are available. Evidence suggests that it can be done. Everyone has a role in this important task, now.

INTRODUCTION

and

COMMUNICATIONS

THE RELEVANCE OF COMMUNICATIONS AND BEHAVIOURAL KNOWLEDGE TO

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<u>Contents</u>	<u>Page</u>
<u>Introduction</u>	2
Resource Background	3
The Behavioural Sciences	4
Assumptions	7
<u>The Modern Study of Communications</u>	9
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iii) Goals	14
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ii) Assumption that Other Party Knows	16
iii) Third Party Blockages	16
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3. Continuous Communications	20
4. Common Goals and Message Content	21
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Labour and Management

Introduction

Communications and behavioural research has developed an important and growing body of knowledge in recent years. Many of the findings deal with the problems of resolving conflict between individuals and groups including a number of experiments in labour management relations.

This paper will seek to:

- a) outline the primary theories of the new behavioural and communications sciences which have relevance to labour-management relations;
- b) establish that the mutual interests of labour and management are monumentally greater than the interests over which they quarrel;
- c) show that communications and behavioural failures have been important causes of conflict between labour and management and have blinded both sides to the significance of their mutual interests;
- d) seek to establish in layman's language, 'The Socially Directed Market Economy' of the modern industrial state to help clear away some of the conceptual problems plaguing labour-management relations; and

- 2 -
- (e) demonstrate that full attention to the task of integrating the goals of labour and management and reducing areas of conflict and misunderstanding through use of communications and behavioural knowledge can and does lead to significant advances for both parties—and the economy at large.

There has been a tendency in the past for the 'human relations' school and some of the behavioural writers to ignore economic issues in dealing with labour-management relations. This paper attempts to bring our increasing economic knowledge into a working relationship to behavioural and communications research. Equally unfortunate, many practitioners of industrial relations in the ranks of labour and management, as well as theorists, have clung to the assumption that the world of labour-management confrontation was solely one of conflict of interest, which has led them away from any serious consideration of the possibility of an integration of the goals of both sides, from which flows a very different pattern of interest and action—as will be shown.

Behavioural and communications research also points out the importance of conceptual problems. Wrong or inadequate concepts tend to warp both communications and behaviour between individuals and groups. It will be shown that damaging gaps in economic understanding plague labour-management relations and that full attention to the problem of economic education is required. The issues festering between labour and management, which will be shown to be largely behavioural, have too long been framed by the economic and legal professions almost exclusively.

Resources for this study included knowledge developed from plant experience in industrial relations, personnel and

communications work, a study of relevant literature and research, discussions with authorities in these fields, and a search and examination of a considerable number of Canadian union management experiments in joint action--both at the plant level and at national and provincial levels.

The work of this paper was initially prompted by the findings of a study made in preparation for the 1966 Economic Council national labour-management conference. A search and examination of some 50 to 60 Canadian companies and unions where manpower adjustment programmes had been developed, for the most part on a joint basis between management and labour, was conducted. Of these, 30 were written up and the statement on the nature of the programmes was agreed upon in each case by the unions and the companies, of which 12 were printed for conference use. ¹/_{*} Extensive U.S. Department of Conciliation Services case studies support the Canadian studies. (See Appendix)

Representatives of each side reported that the practice of good communications was a significant factor in virtually every case where the adjustment programme had proved effective and acceptable to both parties. It was also apparent that among these cases occurred an unusually high number of 'positively' oriented labour-management relationships. Were there common factors in these situations which might provide useful knowledge? Possibly yes!

The Behavioural Sciences

The problem of explaining why some companies and unions were successful and others had failed to generate this more positive working

*Footnotes for this section p. 23.

relationship lay, in part, in the lack of suitable theory to explain the difference in behaviour--i.e., suitable theory in general usage by most current students of labour-management relations.

A search of the literature provided some explanations. Research and experiment in the field of the behavioural sciences has advanced significantly in the past decade, but many labour-relations specialists not only in the university, but within the leadership ranks of labour and of management, have not yet accepted the pertinence of these findings to the labour relations field.

The new findings, however, are being applied in an increasing number of situations, both in the theory of labour relations in such studies as "A Behavioural Theory of Labour Negotiations" by Walton and McKersie (McGraw-Hill) as well as in the art and practice of labour relations arising out of the applications of behavioural theory to managerial practices. Research and writings from the National Training Laboratories, Washington, D.C., Blake and Mouton's "The Grid Theory", Douglas McGregor's "Leadership and Motivation", and the studies of Rensis Likert, Chris Argyris, Maslow, Herzberg and others, have contributed significantly to a fast growing knowledge.

We have, then, a new school of thought calling for attention. Not all of their findings are new. Some are experimentally tested evidence of certain old, 'self-evident' truths which have been by-passed by many theorists and practitioners as unproved or impractical. New knowledge also provides information on why some experiments in joint action between management and labour have failed.

Some U.S. centres of behavioural science have directed their work under the general classification, 'Resolution of Conflict'. They have taken the findings of various behavioural and other disciplines and applied them to the resolution of basic conflict situations concentrating on (a) Industrial Relations, (b) Racial Conflict and (c) International Relations. This development has importance because departmentalization of work has been a major problem in connection with previous studies in the behavioural sciences field. Each discipline tended to keep its work and findings isolated from the other while the problems being studied demanded a broad, not a narrow approach.

In view of the impossibility of examining the hundreds, perhaps thousands, of separate research findings in the varied behavioural disciplines, it has been necessary to rely upon various authors who have isolated research data into findings that have both general and specific application to the industrial relations field, while providing a broad understanding of the behavioural sciences. In an attempt to narrow down the field, discussions also took place with behavioural authorities in order to learn some of the key issues at first hand and to help search out, quickly, the most relevant material.

Studies and direct observations of experiments in these new approaches at actual industrial plant sites—and other in-plant experiences which tend to bear out the theories and research findings are included, such as case reports on joint action by the U.S. Federal Mediation and Conciliation Service. (Appendix).

In pursuit of interdisciplinary work, a special look at the communications field is appropriate, not only for its own sake as a behavioural science but because it brings together and can be understood only in relation to the other disciplines. It provides something of a workable catch-all for relating behavioural sciences material to the problems of labour-management relations.

The author is much indebted to Reverend Dr. John O'Brien, Director of the School of Communications at Loyola College, Montreal for assistance in clarifying and simplifying the findings, conclusions and practical applications of recent communication research, and to economics trained associates for assistance in clarifying economic theory, especially Mr. Derek White.

Assumptions

In developing material for this study the following assumptions about the role of the 'Task Force' have been made:

1. that the objective of the Task Force on Labour Relations is to do research and make recommendations which could result in a basic improvement in Canadian labour-management relations directed to the attainment of society's economic goals as expressed in the Act of Parliament forming the Economic Council of Canada. The Council is asked to advise the government on "how Canada can achieve the highest possible levels of employment and efficient production in order that the country may enjoy a high and consistent rate of economic growth and that all Canadians may share in rising living standards".

2. that personal satisfaction and the enjoyment of work and relationships at one's place of employment are real and suitable goals along with economic ones.

Note: Some new areas of theoretical work and application such as 'games theory' and 'decision making theory' have not been considered in this study although it is conceivable that in future developments they may find a role in tackling the problems of labour-management relations.

THE MODERN STUDY OF COMMUNICATIONS

The modern study of 'communications' is appropriately classified among the behavioural sciences. By its all-encompassing nature it is intimately associated with the fields of psychology and sociology, and, in the industrial relations application of communications as interpreted in this study, the field of economics as well.

From earliest time man has appreciated the problems of how messages sent can be both received and understood as the sender intended them to be understood. Ancient literature contains many observations on the problem as a common human experience.

The culmination of general observations on human communications is portrayed for modern scholars in Walter Lippman's classic "Public Opinion" (Macmillan 1921), which lays out and classifies the nature of communicating problems. In recent years, extensive research has tended to confirm Lippman's general observations as well as provide new facts and new theory.

Definition

The broad scope of 'Communications' is suggested by the brief but comprehensive definition of Dr. John O'Brien, Loyola College:

Communications is the process of transmission and reception of messages (ideas, information, attitudes, emotions, etc.) originated by a source and received by a destination and is therefore essentially a two-way street.

Wilber Schramm recalls that "Communications comes from the Latin 'communis' = common. When we communicate we are trying to establish a 'commonness' with

someone...getting the receiver and sender 'tuned' together for a particular message". 2/

Dr. J.R. Gibb, University of Colorado, defines Communications as "a process of people relating to other people. As people relate to each other in doing work and in solving problems, they communicate ideas, feelings and attitudes. If this communication is effective, the work gets done better and the problems are solved more efficiently". J.D. Batten, Communications Consultant, adds: "Communications is complete only when the recipient knows what you mean and reacts the way you desire." In short--do we understand each other?

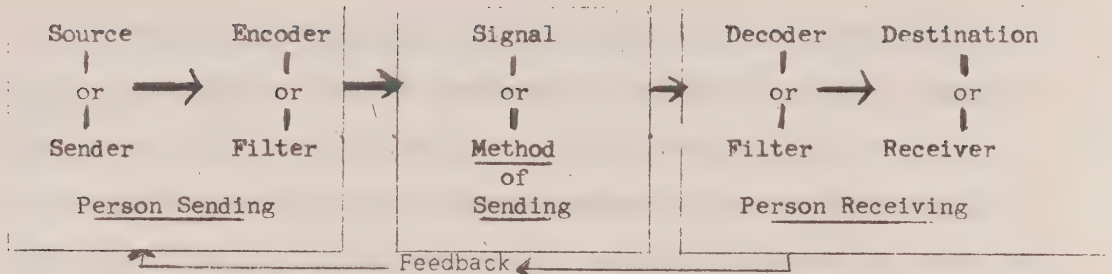
Some Basic Facts

Recent research has given us quite precise knowledge about the problems which must be overcome before communications can be truly effective. Basic to an understanding of the problems are the following facts:

- (a) every person has communication problems which they handle more or less effectively. We are dealing with a built-in part of the human system. This is particularly evident in labour-management relations;
- (b) emotions and attitudes are always being transmitted as well as facts and ideas.

The Process of Communication

To clarify the problems, the process requires definition. Schramm 3/ likens the system to an electronic circuit -



A message, in fact, is selected by a person, next put into words or feelings which are then sent along a selected channel either written, oral or graphic. The receiver, if alerted, gets the transmitted material, if it is properly transmitted, and if he is open to receive it. He then translates it to himself in a certain way.

Communication Problems

A. The Problem of the Filter (coding mechanism)

Both the sender of the message and the receiver have built-in filters or coders through which messages pass when either sending or receiving.

These filters are commonly observable and may be classified for our purposes as follows:

- i) Emotions
- ii) Values and Concepts
- iii) Goals

i) Emotions

If a person holds a strong dislike or a pronounced distrust of someone else or of another organization, he or she receives messages from

that organization and filters them through these feelings and usually reads a worse meaning into the message than was intended: e.g., a statement from top management on the profit difficulties of a company may be looked upon by union committee members who dislike or mistrust management as a propaganda act designed to deter the union from making more financial demands. People's dislikes also colour the messages they send.

Decoding another person's message can be affected by likes as well as dislikes. We tend to believe and interpret positively messages received from persons we like or trust.

Under this heading must be included, as well, the filtering effects of moods of the moment and temperament—familiar problems in family communications.

ii) Values and Concepts

Walter Lippman writes in "Public Opinion" that everyone sends and receives messages which are interpreted in both situations by the "pictures in our heads", i.e., by the values and concepts which we hold to be true or acceptable, which are often in contrast with the "realities of the world outside".

Thus, if management believes that the purpose of labour organizations or the motives of a particular labour leader are, for example, to create a socialist society or to achieve political union power, they will interpret messages from labour through the filter of these pictures or images in the head and read into them something different than may have been intended. And vice versa.

Ketch and Crutchfield add in Schramm's text that "Our immediate perceptions are also a function of the 'higher order' cognitive organizations--or beliefs, of social ideals, of morals, of cultural frames of reference". 4/ People tend to have built-in conceptions about labour, management, other races, other classes, other religions, and we interpret messages from these persons or groups to fit into the concept we hold.

We also tend to reject messages from a person or a group which goes against the concept we hold in our minds about the sender. Thus, a managerial move designed to be of value to employees may be fought by the union on the grounds that all moves by management are designed to rob employees of their rightful needs--i.e., management by its nature, is fundamentally and thus always greedy and exploitative.

In the same manner the values and concepts held by scholars and specialists can also blind them to new directions of knowledge when findings of research, or experience begin to cut across old concepts. Dr. Robert McMurray, in fact, calls the barrier of values the most serious communications barrier of all. 5/

Walter Lippman, in his chapter entitled "Codes and Their Enemies", suggests that:

Moral Codes assume a particular view of the facts...moral codes include personal, family, economic, professional, legal, patriotic, international...at the centre of each there is a pattern of stereotypes about psychology, sociology and history....

Out of opposition (Enemies of our Codes) we make villains and conspiracies. If prices go up unmercifully, the profiteers have conspired...if the rich are too rich, they have been stealing. If the workmen are restless, they are victims of agitators, if they are restless over wide areas, there is a conspiracy afloat.

Not only does experimental research support these assertions, but they are readily observable in common experience by examining one's own personal reactions. However, a 'valueless' code, e.g., nihilism which breeds even vaster problems is not being recommended here. The material suggests instead that to understand the real facts of a message individuals and groups must be aware of how they are 'interpreting' messages.

iii) Goals

The goals or objectives held or thought to be held by individuals or groups can greatly affect the interpretation of messages sent and received.

If management's goal is to wreck the union, it sends messages out designed to further this end. If labour's goal ^{in Canada} is a particular demand, such as wage parity with the United States, it tends to send out information which it has carefully selected in support of this goal, and omits contrary material.

The receiver of messages also tends to interpret them according to his goals—rejecting those that do not suit the end purpose, and accepting or magnifying those which do.

B. The Problem of Transmission Mechanisms

(i) Written Messages

Messages transmitted to another person or group in writing may be spoiled by several traps, including:

(a) Meaning of Words

Words can mean different things to different people.

Management may use the word 'profit' to suggest an effective measurement of the economic well-being of a company. Labour may read the same word to mean money-grabbing financiers on Bay Street, St-Jacques Street or Wall Street. Words designed to be clear to the other party must be used to insure that the sender's meaning is getting through;

(b) Receiver Noticing and Reading Messages

Sending a written message to another party is no guarantee that the other party will either see it or read it. Leaders of labour and management lead busy lives and documents are often neglected or scantily read. This can be true of a letter, a memo, a report in a magazine or a newspaper account, advertising or a notice on a company billboard.

A recent research project undertaken by the General Electric Company 6/ showed that employees in a production plant paid little or no attention to a quality-improvement programme which consisted entirely of written material including use of a plant newspaper, billboard notices and streamers. Many had no memory of seeing the material, others were suspicious of it. The study also discovered that it is very uncertain whether the receiving person will act as the sender of the message intended he should act following receipt of the written material.

A parallel quality-inducing research project was also conducted by the company, using the above written forms coupled with a discussion by the supervisor with each person on the job, where they talked over the

nature of the problem. In contrast, this approach produced a distinct improvement in both interest in quality and actual quality improvement. Used alone neither method brought improvements, even causing some negative results.

ii) Assumption that Other Party Knows

One fallacious assumption observed all too frequently among leadership groups, including management and labour, is that people who are supposed to know something, actually do know it.

Such an assumption has frequently prevented one party from taking the trouble to inform another party. The problem has been observed by the author, at several joint labour-management meetings, where both sides felt free to discuss matters frankly. Each side was, at times, under the mistaken belief that the other side or person knew about or understood certain of their labour or management problems. Each side had acted in the past on mistaken assumptions, and no one had taken the trouble to make certain that the other side was properly informed.

iii) Third Party Blockages

When messages from top management to supervision or from top labour to shop-floor stewards, and vice versa, are passed through a third party--or through several levels of supervision or union hierarchy--the middle parties can and do block effective communications, according to a number of experiments and ordinary experience.

This is particularly true when top management uses a personnel department negotiator to pass on information to the union executive, who in turn must pass it on down to stewards and union members. The third

party may, in fact, misread the message or decide to interpret it in a way which he thinks is more suitable for union ears. In turn, union officials may not only misunderstand the meaning intended by top management but pass the garbled message with their own interpretation on to lower levels of the union.

Frequently the message is never passed down to all stewards and union members for various reasons, such as availability of time or the means to do so. Union leaders may also decide not to transmit the message for political reasons.

Examples of 'Third Party' problems identified in research include:

- William H. Read noted that within the layers of supervision in an industrial setting, pleasant facts are readily passed upwards to senior management, while unpleasant facts—the facts which would displease management but which are required knowledge for good decisions--tend to be held back. 7/
- Read also observed that the more ambitious the executive or manager, the less accurate would be his communication to his supervisor.
- A research project conducted by the author at a large Canadian manufacturing plant for a one-year period uncovered over 200 major and minor problems which were caused directly or indirectly by the failure of management personnel to pass production or personnel information either up or down or across to supporting management groups. The many varied problems were met, in part, through a direct contact communications programme.

- Experience in government and industry work confirms the extent of the problem. It seems to be a special malaise of large organizations—but not unknown in smaller groups--especially where social levels or levels of structure of an organization become a prime focus of ambition. Kenneth Boulding, writing under the title "The Jungle of Hugeness", in the Saturday Review, March 1958, observes:

"...messages going down the hierarchy are often deliberately altered for various reasons; sometimes staff people on subordinate levels 'edit' the message to assert authority or to put it in line with their own interpretation of policy... (or) ...altered by intermediate echelons because leaders know that such alterations will make them more acceptable to those below...perhaps principle cause of (distortion)...is sheer size and weight of hierarchy, coupled with disposition of people to resist authority...."

C. Feedback Process

Another common but fallacious assumption is made by persons and groups seeking to present information, namely: that the giving out or presenting of information is all that is required in the communicating process.

Research and ordinary observation indicates that communications is almost never fully effective until there is a 'feedback' to the sender, providing evidence that the 'message' (a) has been received, and (b) has been understood or interpreted as was intended by the sender.

The Feedback Process must also provide a means by which the sender may again pass information to the receiver to clarify the first message if it has not been understood properly—and so on back and forth until both sender and receiver 'understand' correctly. 8/

Communications research has established that the 'feedback' system is vital to the decision-maker who must communicate with his organization. From the feedback, if properly developed, the decision-maker receives information about how his people think, feel, and act, as well as production facts. Without this kind of knowledge wise decisions are often impossible.

Feedback is not only considered the most important key to good communications by students of communication but usually the most neglected. Students of management practice also give high priority to the 'act of listening' among managerial skills. It has been established, as well, that feedback failures can have serious consequences in labour-management relations. (See pages 177-199).

Improving Communications

Research has pointed up not only the problems of communicating, but the means and methods which lead to improved communications. These have to some extent been implied in the above outline of communicating problems. The following is a brief summation of findings. 9/

1. Climate is Essential for Good Communications

A good communications climate involves:

- (a) a climate of trust and confidence between sender and receiver;
- (b) a climate of free expression where both sender and receiver feel free and encouraged to state what is actually on their minds and to give out information

pertinent to the problems being considered; and

- (c) belief by each side that they can and will learn something of value from the other party.

When a climate of free expression and mutual confidence has been created, several of the problems outlined earlier, such as the distrust factor and other bottlenecks which lead to distortion of messages and block the ready passage of information back and forth, are largely overcome.

2. Face-to-Face Communications

It has been demonstrated in research and experience that face-to-face communications between two individuals or two groups provides the best means of ensuring 'good' communication. (Exceptions are instances where distrust and antagonism are at too high a level for 'believability' and no attempt is first made to reduce these factors.) Face-to-face communication allows the 'feedback' process to operate. Messages and responses are passed back and forth until both sides 'understand' and can then act in accordance with the 'facts'. This method also ensures that the receiver of the message actually gets it as well as understands it and permits a speedy and more complete flow of information both ways.

3. Continuous Communications

It has been found that neglect breeds suspicion, whereas attempts at a regular or continuous communications programme—e.g., management and labour executives informing each other of problems and

anxieties as they arise—leads to effective communications.

People tend to fear what they do not know, especially when accentuated by a conflict situation.

4. Common Goals and Message Content

- (a) Common Goals—Where sender and receiver have established mutual goals or mutual areas of interest, information is much more easily conveyed between the parties and more readily believed,

Muzafer Sherif, University of Oklahoma Institute of Group Relations writes: "lines of communications between groups must be opened before prevailing conflicts can be reduced. But if contact between groups takes place without superordinate goals—that is goals which are urgent and compelling for all groups involved...the contacts serve as mediums for further accusations and recrimination.... When contact situations involve superordinate goals, communications is utilized in the direction of reducing conflict in order to attain common goals". 10/

This principle has an important application in the field of labour-management relations and will be considered later.

- (b) Message Content—The content of messages and information conveyed by labour to management and by management to labour is of great importance to their relationship. Non-essential tid-bits of information will not create an appropriate communication climate, for neither labour nor management will accept them as sufficient to govern actions or attitudes when both may be dealing with very real, probably complex and usually

demanding problems and pressures. Studies of Canadian joint labour-management committees 11/ and by Dr. Don Wood of Queen's University 12/ support this position.

COMMUNICATIONS AND LABOUR MANAGEMENT CONFLICT

A number of cases of severe labour-management conflict have been examined by behavioural research teams. In each case, researchers have placed 'ineffective communications' at the top or near the top of a list of causes of conflict. 13/ These are dealt with in more detail in the sectors of the paper devoted to behavioural research and solutions to labour-management conflict. (Pages 62-219)

A major study conducted by the National Planning Association from 1948 to 1953 examined 14 companies with long records of industrial peace and concluded that extensive union-management consultation and information sharing was one major contributing factor. ("Causes of Industrial Peace." National Planning Association, 1948-55.

Discussion with Canada's most experienced conciliator brought out communications failure as one primary cause of conflict in his experience.

Blake and Mouton also report on a survey of business managers in the United States, Great Britain and Japan, which indicates that in all three countries communications failure is considered the foremost barrier to achieving 'excellence' within a corporation. 14/ Other studies in managerial science confirm the point.

Additional material on perception and labour relations-p.196.

REFERENCES

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- 2/ "The Process and Effects of Mass Communications", Wilber Schramm, Editor, University of Illinois Press, 1955, p. 3.
- 3/ Ibid., p. 4.
- 4/ Ibid., p. 125.
- 5/ Iron Age, January 2, 1964.
- 6/ "An Evaluation of Two Procedures Designed to Improve Employee Attitudes and Performance", Dr. Louis Miller, Behavioural Research Service, General Electric Company, Crotonville, New York.
- 7/ 1959 Michigan University thesis from Problems in Social Psychology, p. 11, entitled "Upward Communications in Industrial Hierarchies".
- 8/ J.M. Pfiffner, F.P. Sherwood, "Organization Administration", "Feed-back involves, circular pattern involves the flow of information to the point of action, a flow back to the point of decision with information on the action, and then a return to the point of action with new information and perhaps, instructions...." Prentice Hall, 1960.
- 9/ Developed in consultation with Dr. J. O'Brien from a wide array of research and writings.
- 10/ "Inter-group Relations and Leadership", Wiley & Sons, 1962.
- 11/ See Canadian Case Studies, p.
- 12/ "National Conference on Labour-Management Relations—March 1967, Economic Council of Canada, Queen's Printer, p. 15.
- 13/ George A. Muench, "A Clinical Psychologist's Treatment of Labour-Management Conflicts", Personnel Psychology, Summer 1960.
- 14/ Blake and Mouton, "Grid Organizational Development", Gulf Publishing Company, Houston, Texas, 1968, p. 4.

FINDINGS FROM THE BEHAVIOURAL SCIENCES

<u>Contents</u>	<u>Page</u>
Goals and Purposes of Research	25
Historical Sidelights	26
Some Basic Theory	27
Individual Behaviour	27
General Systems Theory versus Stimulus Response	27
Changing Motivation and Attitudes	28
Hierarchy of Needs - Maslow	30
Extrinsic and Intrinsic Motivation - Herzberg	33
Goals and Objectives	34
Participation	37
Group Behaviour Theories	37
Inter-Group Conflict	38
(a) Tensions Between Individuals	38
(b) Tension Between Groups—Labour versus Management	39
1) Ineffective Communications	39
2) Mutual Distrust	39
3) Differing Perceptions of the Same Issues	39
4) Poor ' <u>Listening</u> ' on Both Sides	40
5) Ideological Differences	40
6) Ineffective Use of People	41
7) Poor Understanding of Rights and Obligations	41
(c) Group Pathology and the Win-Lose Approach	41
Leadership Questions	43
Worker Frustration and Psychological Failure	46

FINDINGS FROM THE BEHAVIOURAL SCIENCES

A summary and discussion of the pertinent findings of behavioural research is essential to the study, including some of the findings of the students of management and the basic research of the 'Resolution of Conflict' group which supplement communications theory. Their findings also help to clarify the case study findings and give more substance to the recommendations. Moreover, researchers have found it extremely difficult to isolate completely the factor of communication from other behavioural aspects in a real life, labour-management situation.

Goals and Purposes of Research

Before detailing the various theories and experiments of the behavioural sciences, it is important to determine the purposes for which these research projects have been directed and the purposes for which they are being considered in this study. In the same manner as the communications material has been applied, most of the behavioural research of interest to the labour-management relations field is directed to resolution of conflicts and tensions between individuals and groups-- which is in line with the general purposes of the Task Force and the purposes and assumption of this study. It is also in conformity with the role of 'Goals' as discussed in the 'Communications' section, and, as will be seen, 'Goals' as conceived by other behavioural sciences. (The next section of this paper will deal specifically with the subject of Mutual Interest and Goals.)

Historical Sidelights

The famed Hawthorne experiments on the nature of man at work, conducted by Harvard University and the Western Electric Company, 1931-32, marked the beginning of a widespread interest in the behaviour of work groups when it was found that non-economic as well as economic motives are fundamental in business. 1/*

C.W.M. Hart, reviewing the Hawthorne experiments comments that the workman "is not broken up into aspects or areas, he does not act psychologically part of the time and economically part of the time. Any compartmentalization is forced upon him by the social scientists". 2/

His criticism of the departmentalization of the social sciences at that time—1943—pointed out that not only was there a breakdown of communications between the different social science departments, but because of this, we have a less not greater understanding of man.

Moves to correct the problem were, even then, under way.

In the period prior to, during and after the Second World War, Rensis Likert, at the University of Michigan, and others began to experiment with the ideas of consultative management. Carl Rogers, then at the University of Chicago, pioneered in non-directive counselling and related fields, and Lazerfeld and Hovland of Yale, in the field of communications, while a host of others, in a variety of disciplines—psychology, sociology, etc.,—directed their thinking and research into the various problems of behaviour between groups and between individual persons.

*Footnotes for this section pp. 48-49

At the same time, students of group and individual psychology began to question some long-held concepts about the nature of man which had been propelled, in part, by the work of Freud.

A.H. Maslow, Chris Argyis, Blake and Mouton are among the many writers who have contributed recently to the growing literature. Douglas McGregor's "The Human Side of Enterprise", published in 1961, gave wide public interest to the new school.

Some Basic Theory

Out of a vast complex of research and thought have come a number of basic, and sometimes deceptively simple, premises. To understand them it will be of value to examine certain theoretical considerations as they apply to both individual and group behaviour.

Individual Behaviour

General Systems Theory versus Stimulus Response— Douglas McGregor criticizes the stimulus-response theory now prevalent with respect to human behaviour. 3/ It is, he says, similar to the Aristotelian cause and effect theory applied to physical matter which held for 24 centuries until the physical research findings of the late nineteenth century took scientists beyond the simple force-on-object concept into the currently accepted 'general systems theory'. This change made possible new developments in physics in the control of television, transistors, the relay, etc. In short, the physical world is not a simple cause and effect relationship—but consists of many different relationships which must be dealt with as a system.

Human behaviour in all fields, including labour-management relations, calls for a similar 'systems' consideration, suggests the modern behavioural scientist.

Changing Motivation and Attitudes

If a 'new look' is to be achieved in labour-management relations, it would probably call for new attitudes and perhaps different motivations than are presently observed among many of the representatives on both sides of the bargaining tables and on the shop floor.

Are changes of motivation even possible? Many responsible theorists and practitioners of labour relations do not believe either in the possibility or the need for such changes and make little or no attempt to plan for them.

Dr. David C. McLelland, Professor of Psychology and Chairman of the Department of Social Relations, Harvard University, suggests that motivation can be changed. He claims that certain theoretical misconceptions in the past have prevented many behavioural scholars (as well as practitioners of industrial relations ed.) from understanding and solving relationship problems. His best known work deals with the problems of aid to underdeveloped countries, but the findings have important bearing on labour relations problems. 4/ McLelland writes:

"Can men's motives be changed so that aid programmes will be more effective? On the basis of evidence recently acquired I believe the answer is yes", states McLelland.

"Everyone has taken a dim view of character education--the liberals because they do not think it is necessary, the conservatives because they do not think it can be done...."

"Most contemporary psychological theory", McLelland adds, "takes the position that developing deep-lying drives like the achievement motive in adults is difficult—if not impossible. Freudians have long taught that the basic character structure is laid down before the child enters school, and that from then on one can only 'rearrange', so to speak, the way deeper motives express themselves or conflict with each other. Such a 'rearrangement' requires a thorough job of reconstructing one's emotions, starting with early childhood and using a course of psychotherapy that would certainly require years."

"American behaviour theorists, for the most part, have assumed that what they call social or acquired motives—such as the need for achievement—are based also on very early learning of the connection between behaving, let us say, in an achieving way and satisfying certain basic biological needs like hunger and relief from discomfort. Since biological needs are not so prominent in adulthood, it is presumably difficult to construct new motives based on them.

"Some associates and I once shared these preconceptions, on the whole, with other psychologists. Nevertheless, we decided several years ago to go ahead and try to develop the achievement motive in adults."

McLelland's research led to the establishment of successful training programmes designed to create a climate conducive to drawing out the 'achievement factor' among trainees. He has established the principle that motivations can and do change when there are, among other factors, suitable goals, and an appropriate climate. Ross Stagner and Hjalmer Rosen 5/ confirm McLelland's work in these words:

"...behaviouristic psychology does not provide a satisfactory guide for industrial practice."

"In recent years, with the increasing importance of gestalt and neo-psychoanalytic theories of motivation, there has been a switch to a view of human motivation as autonomous, self expressive, and even altruistic. This change in psychological theorizing is compatible with the change in managerial practice urged by McGregor, Likert and others."

(Note: "Human Relations and the Nature of Man", Harvard Business Review, March to April, 1967, traces history of these developments to date, ed.)

The claims of McLelland are elaborated more fully in "The Achieving Society" (Van Nostrand 1960), 6/ in which he traces the role of desire for achievement or the 'achievement factor' in economic history. He quarrels with traditional economic thinking which postulates that economic development is entirely due to enlightened self-interest and gives a high place to the achievement factor.

If self-interest were the whole story of economic development, then underdeveloped countries also would have boomed ahead in recent years as did Western Europe when large amounts of financial and technical aid were provided following World War Two, argues McLelland.

In providing evidence that factors other than pure self-interest are at work in economic fields, McLelland also opens the door to appreciating factors other than self-interest which also may be at work in the labour-management relationships, and must be considered in any serious study of inherent problems.

Case studies considered in this study demonstrate that significant changes of attitude and motivation have taken place among labour and management protagonists when 'new' behavioural approaches to bargaining and daily relationships have been seriously attempted.

Hierarchy of Needs - Maslow

A basic contribution to behavioural theory has been made by A.H. Maslow in "Motivation and Personality" (Harper Bros., 1954), in which he develops a hierarchy of needs theory to provide a better understanding of the results of increasing affluence upon man.

Primeval man directed his efforts for the most part towards the problem of surviving—finding food, shelter and safety. This left little or no time for preoccupation with his potential for higher-order needs. But as survival needs became more and more satisfied, man began to be more aware of social and status needs.

In the present epoch of man's existence in affluent countries, asserts Maslow, the lower-order or maintenance needs have been satisfied to such an extent that he can move ahead and has the desire to move ahead to experience his full potential in terms of social, intellectual, emotional and aesthetic growth, i.e., to satisfy his 'motivational' 7/ needs.

McGregor summarized Maslow's concepts in terms of the labour-management relationship for a Boston convocation audience (circa 1959). 8/

Physiological Needs: "Man is a wanting animal—as soon as one of his needs is satisfied, another appears in its place. This process is unending. It continues from birth to death.... At the lowest level, but pre-eminent in importance when they are thwarted, are his physiological needs. Man lives for bread alone, when there is no bread.... But when he eats regularly... hunger ceases to be an important motivation.... The same is true of the other...for rest, exercise, shelter, protection from the elements."

Safety Needs: "When the physiological needs are reasonably satisfied, needs at the next higher level...called safety needs. They are needs for protection against danger, threat, deprivation. ...he does not demand security. The need is for the 'fairest possible break'. ...but when he feels threatened or dependent, his greatest need is for guarantees, for protection, for security.

"...since every industrial employee is in a dependent relationship, safety needs may assume considerable importance. Arbitrary management actions, behaviour which arouses uncertainty with respect to continued employment or which reflects

favouritism or discrimination, unpredictable administration of policy—...powerful motivators of the safety needs...at every level, from worker to vice president."

Social Needs: "When man's physiological needs are satisfied... his social needs become important motivators of his behaviour—needs for belonging, for association, for acceptance by his fellows, for giving and receiving friendship and love.

Management... often assumes quite wrongly that (social needs) represent a threat to the organization. Many studies have demonstrated that the tightly knit, cohesive work group may, under proper conditions, be far more effective than an equal number of separate individuals in achieving organizational goals.

"When man's social needs--and perhaps his safety needs, too--are thus thwarted, he behaves in ways which tend to defeat organizational objectives. He becomes resistant, antagonistic, uncooperative."

Ego Needs: Above the social needs.... They are the egotistic needs, and they are of two kinds.

1. Those...that relate to one's self-esteem...^(need) for self-confidence, for independence, for achievement, for competence, for knowledge.
2. Those needs that relate to one's reputation--needs for status, for recognition, for appreciation, for the deserved respect of one's fellows.

...these are rarely satisfied.... But they do not appear in any significant way until physiological, safety, and social needs are all reasonably satisfied.

"The typical industrial organization offers few opportunities for the satisfaction of these egoistic needs to people at lower levels in the hierarchy. ... mass-production industries, give little heed to these aspects of human motivation."

Self-Fulfillment Needs: Finally...self-fulfillment. These are the needs for realizing one's own potentialities, for continued self-development, for being creative in the broadest sense of that term.

...conditions of modern life give only limited opportunity for these relatively weak needs to obtain expression.

"...in our society, most people tend to be partially satisfied in each need area and partially unsatisfied. However, most individuals tend to have higher satisfaction at the lower-need level than at the higher-need levels."

Extrinsic and Intrinsic Motivation- Herzberg

The behavioural scientist has moved away from the simple, cause and effect theory, which makes man a mere bowling ball in the alley of life entirely influenced and moulded by forces outside himself, a position which led to the commonly held concept that workmen can only be controlled or influenced by threats or rewards. Frederick Herzberg 9/ demonstrates from a study of engineering and accounting departments of 15 U.S. manufacturing plants and other studies that employees respond to at least two kinds of factors or influences:

- (a) extrinsic factors—those factors which are controlled from without an individual including pay, working conditions, company policy, supervision and interpersonal relations with supervision;
- (b) intrinsic or inner-directed factors which centre around the actual responsibility given to an employee, work itself, recognition, achievement and advancement.

Herzberg's research, supported by work of others, shows that the extrinsic factors of pay, work conditions, etc., once they have become comparatively reasonable, do not serve to bring a man inner satisfaction, or induce him to perform beyond or frequently even up to the level expected. Fundamentally, they prove to be 'dis-satisfiers'—since (1) providing more of the same does not bring durable satisfaction and, (2) they tend to produce both low performance and negative attitudes when unfairly administered.

On the other hand, the intrinsic factors of responsibility, achievement, etc., prove to be 'satisfiers' and are associated with

high satisfaction, high motivation and high performance. In McGregor's words, "the rewards and punishments associated with them are intrinsic", i.e., they are obtained by the individual as a direct result of his own effort. In other words, the human being is not a "passive machine requiring extrinsic force to induce motion: he is an organic system". Many powerful forms of motivated behaviour can be released from within when an appropriate environment is present.

McGregor describes the key intrinsic factors more fully under his theory 'Y' concept of management in "The Human Side of Enterprise":

10/

- 1) work itself is natural and satisfying to man if it can be made meaningful;
- 2) man will work on his own initiative, i.e., through self control if he is committed to an objective;
- 3) men accept and seek responsibility naturally in the right atmosphere;
- 4) ingenuity and creativity are widespread among general employees but are seldom fully utilized.

Failure to provide work and conditions which tend to bring more enduring satisfaction to workmen can have a direct bearing on union-management relations. Additional pay will not by itself resolve problems which have roots in the dissatisfiers.

Goals and Objectives

Behaviour of people is closely related to objectives or goals of the individual or the group. Most observers have noticed this ordinary phenomenon in everyday experience; the behavioural scientist has

clarified its importance in the work situation, and to some extent in the labour-management relationship.

Part of McClelland's effectiveness in encouraging the 'achievement factor' is due to the establishment and acceptance of clear goals for achievement.

Maslow defines one aspect of personal goals in terms of intellectual, emotional and aesthetic 'motivational' needs which are in part met by the pursuit of self-designed or accepted goals.

Hertzberg and McGregor also discuss the satisfactions which derive when a person pursues certain goals which are his own or which he has participated in setting.

Extensive work has been done to apply the new theories to problems of managerial effectiveness, which is beyond our scope—except as it applies to management-labour relations. Among the best known writers in the field, Blake and Mouton have established a 99 theory of management 11/ in which consultative or joint goal setting by management in association with employees is the key. They write, the "Basic need of people is met by the 99 theory...i.e., to be involved and committed to productive work...the primary difference with other methods is (joint) goal setting" and they add, "commitment comes from having a stake in the outcome". (See Appendix- 9.9 Theory)

The authors make the assumption that in the 99 managerial style, "there is no necessary and inherent conflict between organizational purposes of production requirements and the needs of people".

Priffner and Sherwood stress the importance of goals in their study of administration organization, 12/ noting the fact that "contemporary organizations must be concerned with multiple goals...in which they include not only the value of efficiency for business but also employee satisfaction and welfare as well as the goals of the larger society".

McGregor, in discussing the effectiveness of groups for problem solving, places the development of a "commitment to a task", i.e., to a goal, as one of four essentials for successful group action.

M. Sherif, dealing with the problems of inter-group conflict in a symposium conducted at the University of Oklahoma, points up the critical importance of goals, if communications are to be improved. "When a contact situation (between groups) involves superordinate goals, communications is utilized in the direction of reducing conflict in order to attain common goals." 13/ "Without such goals", he continues, "contacts frequently serve as mediums for further accusations and recriminations and the development of a 'who's to blame' climate."

In the same symposium, R.R. Blake and J.S. Mouton presented findings of four test cases involving labour-management bargaining groups where attitudes and approaches to bargaining had been changed from hard antagonism to close co-operation by the use of new behavioural approaches. The development of areas of common interest or goals proved to be an effective aid in the programme. (See Appendix)

Case studies both from the studies of other authors and those prepared for this study support the significance given by the behavioural

scientists to goal setting and its complementary act, the finding of areas of common ground by labour and management.

Participation

Lack of employee participation in decision-making is a fundamental factor in behaviour, state Herzberg, McGregor, Blake, Mouton, Likert and others. It has been shown that when a man has participated in making a decision he is more likely to support the decision with interest and enthusiasm and vice versa. The Canadian case studies dealing with manpower adjustment programmes support this position. 14/ More detail on the question of participation will be found on pages 114-118.

Group Behaviour Theories

An impressive volume of research on the behaviour of people in groups has been developed in recent years. The behavioural scientists concerned with the problem of resolution of conflict have themselves researched and, as well, used a number of findings from group research projects to complement their efforts. Only some general findings particularly relevant to labour-management relations will be considered here. The findings of the authors discussed to this point have centred around group as well as individual behaviour.

Writers Walton and McKersie have sought to provide a detailed account of the possible application of group and individual behaviour theory to the four processes into which they have divided bargaining between labour and management groups. A reading of their text, "A Behavioural Theory of Labour Relations" 15/ is required for an

appreciation of the detailed application of behavioural theory to negotiating problems.

Inter-Group Conflict

Dr. Carl Rogers, Western Behavioural Sciences Institute, (La Jolla, California) has established a close similarity between the factors leading to tensions between individuals and tensions between groups 16/ as follows:

(a) Tensions Between Individuals

Tensions between individuals tend to have the following common elements:

- 1) Rigidly Held Attitudes—Rogers notes that tension situations only appear immensely complicated and usually can be filtered down to two rigidly held attitudes which, put simply, are "I am right and you are wrong", "I am good and you are bad". These attitudes appeared strongly on both sides in studies of labour-management conflict.
- 2) Breakdown in Communications—The basic problems have been considered in the section on Communications.
- 3) Distortion in Perceptions—Differing perceptions of the same issue. (Note Communications Section.)
- 4) Distrust—Is implicit in each of the above factors. To these Sherif adds,
- 5) Conflicting Goals—Real or imagined which, especially in labour-management relations, can lead to serious conflict. Without superordinate goals held in common, contacts between conflicting groups "serve as medium for further

accusation and recriminations" and lead to a "who's-to-blame" climate.

(b) Tension Between Groups—Labour versus Management

Rogers proceeds in the same article to demonstrate the close relationship between individual conflict and inter-group conflict, taking a case study from the work of G.A. Muench. Muench found--after study of a severe labour-management conflict situation--that three primary difficulties lay at the root of the continuing conflict:

- 1) Ineffective Communications
- 2) Mutual Distrust
- 3) Differing Perceptions of the Same Issues 17/

Psychologist Ross Stagner describes Perception in Industrial Conflict as follows:

"From the psychologist's angle, there are two sets of factors to which special attention must be given (1) the purposes and motives of the individual (the needs which he is trying to satisfy in a given situation); and (2) the way in which he perceives that situation...."

"...two men may be in the same physical environment, but may be in different psychological environments.... A fact as seen by one is not necessarily a fact as seen by the other. Essentially, this is a problem in perception.... What conditions determine how we will see a given situation? Among others are:

"The past history.... Unpleasant working conditions are much more important to workers than to personnel executives...."

"The purposes.... The purpose of a business man is to operate at a profit, certain aspects of the situation loom very large to him. To the union official these 'facts' are mere figments of the imagination."

"Attitudes, which are a complex product of motives, emotions, and past experiences determine our perceptions...."

"Such factors as attitude, purpose and past experience differ sharply for industrial executives and union leaders. The inevitable consequence is that they perceive totally different facts in the same situation. Certain aspects will be exaggerated, others distorted, others ignored...."

"The perception of each group by the other is another important element in industrial conflict.

"Psychologists who have worked in industry state that success in labour relations seem to depend in part on this function. Production executives who perceive workers as fundamentally irresponsible, lazy or downright malicious, are prone to have labour trouble: managers who see their employees as basically much like themselves generally have fewer labour problems. Less attention has been given to parallel observations of union leaders, but studies of a few men appear to confirm this expectation. Union leaders who see business men as grasping, greedy exploiters usually have a high proportion of conflicts with their companies: whereas those who see the boss as friendly and human, even though perhaps tough on occasions, have few strikes or slow-downs in their shops...."

"...we want to emphasize that perceptions are often distorted before actual contact occurs...." 18/

Stagner's paper continues with a research project "which confirms that both labour's and management's attitudes to each other colour the facts" which they perceive about each other. Perception then plays a major role in industrial relations.

Blake, Mouton and Sloma 19/ confirm these findings in studies made by their research group, working with both labour and management in a tense and difficult conflict situation. Their work adds to and helps to define the problems of tension between groups, especially labour vs. management as follows:

- 4) Poor 'Listening' on both sides
- 5) Ideological Differences—Both sides in the study "agreed there existed wide differences in matters of purposes and principles. Common purposes would need to be identified if joint problem solving were to become a reality".

Ideological differences were also considered important in labour-management relations in the studies "Causes of Industrial Peace", conducted by the National Planning Association. In this study 'ideological' differences involved 'full acceptance of the unions and the collective bargaining process by management' and 'full acceptance of private ownership and operation of industry' by the unions. Today, ideological differences cover more sophisticated ground such as management rights, union social and political power, etc., and the very nature of the free market.

- 6) Ineffective Use of People—Both sides agreed that there was not sufficient participation, involvement, and effective use of the potential of wage people in the operations of the plant.
- 7) Poor Understanding of Rights and Obligations

(c) Group Pathology and the Win-Lose Approach

Behavioural scientists are in broad agreement that a kind of sickness or pathology develops in group conflict situations. Blake and Mouton classify the irrational attitudes which develop in group conflict as real problems of pathology or sickness resulting, in large part, from a determination to win against the other party. This kind of pathology comes about, for example, "whenever a union and/or a management approach bargaining, grievance handling, complaints or other situations with fixed positions and the intentions not to compromise but to win...."

"When the goal to win", the writers add, "is accepted by a group, it has spontaneous motivating power to mobilize their efforts and to give it character...."

The urge to win is primitive and dynamic and is the first sign of "group pathology".

Group pathology or sickness, has also been noted when an internal leadership struggle begins, say within a union, or within management, and emotional loyalties develop for one side or another.

In Sherif's symposium 20/, Blake and Mouton describe other features of inter-group pathology drawn from research which are particularly applicable to labour-management conflict:

- (i) Inter-Group Comparisons—the esteem with which members evaluate their own groups highly and tend to belittle their opponent in other groups of any kind. A 1953 UNESCO study of inter-group behaviour by Gardner and Murphy, following the Indian religious riots, found that "in the minds of men...being a good Hindu or a good Muslim, meant accepting all the nasty qualities charged against the other and closing minds to good points". The same kind of behaviour is frequently observed and has been tested in labour-management confrontations.
- (ii) Negative Stereotypes against opponent are fostered, such as "Unions are up to no good" and "A management doesn't give a damn".

- (iii) Cognitive Distortions—such as minimizing areas of agreement—
or blind spots resulting from greater knowledge of our position
than opponents'.
- (iv) Hero-Traitor Dynamics—where loyal members of the union or a
company group are treated as heroes while anyone tending to
break ranks becomes a traitor—both emotional reactions make
it more difficult for participants to act rationally.

Leadership Questions

Although considerable study has been given to the role of leadership in group action, behavioural students assert that a great deal more work on the problem is needed. Some aspects of leadership closely related to industrial relations, however, have been clarified. McGregor criticizes today's common treatment of the leadership factor in groups. It is, he suggests, too heavily based on the cause and effect theory, i.e., the leaders' affect upon the group. Mistakenly, he claims, almost total attention is paid to improving the leaders' own skills and qualities in the hope that this will be all that is needed to bring about improvement in group action. Groups affected include working groups under a foreman, union group action under its leaders, general management action under the head of a company—or chief of a department, as well as inter-group action at the bargaining table or in general union-company operating relations at all levels.

Behavioural research has now established that leadership action is only one of a number of factors which bear upon group action, albeit, perhaps, the most important one. McGregor lists 14 variables which

research indicates have a bearing on group action and, particularly, on the effectiveness of 'face-to-face' groups in solving problems, which would include bargaining groups.

High on the list are 'openness of communications' and the climate which has been established surrounding the face-to-face confrontation. McGregor asserts that for the purpose of group problem solving, the list of relevant data must include "The ideas, reactions and feelings of group members with respect to issues under discussion". Under the old mechanical leadership concept, these factors seldom come to the surface and thus the "real potential of the group as a team is never discovered".

It will be seen later in the presentation of the case studies that the effectiveness of joint consultation between labour and management depended greatly upon the 'climate' of trust which had been created and the 'openness' of discussion wherein all participants felt free to express their fears, reactions, hopes and ideas.

On the other hand, the importance of the leader's role cannot be underplayed. Sherif, 21/ while suggesting that research on the question of power must be expanded, observes that the focus of power resides in leadership. Author S.S. Sargent 22/ points out in the same text the importance which must be attached to the personality, motives and attitudes of a leader--by contrasting the tremendous effect of Reverend Martin Luther King's leadership of American negroes with the role of some 20 preceding negro leaders.

Instances of the significant leadership given by outstanding labour and management leaders are many. 23/ Current rank and file rebellion in some labour groups, also indicates the kinds of limitations that are set on leadership.

Sherif qualifies the importance of leadership noting that the leader is also part of a group and "is not immune from sanctions should he deviate too far from bounds of acceptable behaviour prevailing in the group...." (Page 17)

One notices this quality among labour leaders when they hold back from taking actions which are clearly in the best interest of union members should they feel that the union membership is not ready to accept new paths of action. 24/

Similarly, the author has observed the tendencies of a number of company executives to hold back from new approaches towards union management relations if these approaches run counter to strongly held prevailing attitudes of their top level associates in other companies.

Other views on the complex leadership question suggested by R.E. Fares 25/ include:

"The content of human minds is of course influenced by unique patterns in individual experiences, but far more by elaborately organized social experience. We are told by our groups who and what to like and dislike...and come to think that these are our own judgments. Our organized groups, in turn, achieve the content of collective judgments, not from summing up the contributions of individual members, but within an emergent process of group-to-group interaction....

"Any hope of control of psychological aspects of hostility necessarily lies in the comprehension and control of the processes involved in the group-to-group interaction."

Worker Frustration and Psychological Failure

A somewhat closer examination of this problem may be helpful when formulating solutions. It is generally thought that the rise of educational levels creates a rise in worker expectation which is also stimulated by modern communications, T.V., radio, advertising, etc. Increased affluence is also known to breed expectation of more affluence, especially during a period of high wage increases, when the worker has learned that, with no additional effort on his part, his income can go up and up by pay increases. Neither the appetite of the worker, nor, for that matter, of management, is satisfied on this kind of motivation alone.

Worker frustration is also heightened by the carry-over of management methods of another century to today's work force, which usually has the added factor of strong union representation. McGregor, and more fully C. Argyris, describe the sense of 'psychological failure' created by the traditional scientific management approach which puts the planners and thinkers on the side of management, the doers and dolts on the side of the workers.

M. Scott Myers of Texas Instruments who, perhaps more than any other behavioural scientist, has sought to apply behavioural theories to a work situation on a scientific and measurable basis, terms the above the 'Management-Labour Dichotomy'. 26/ Scientific management, he states, "excludes employees from the realm of management and creates subconsciously, if not deliberately, a dichotomy of people at work... unintelligent, uninformed, uncreative, irresponsible and immature workers

who need the direction and control of intelligent, informed, creative, responsible and 'mature managers'.

This leads to the "cleavage between management and labour in terms of social distance and alienation".

Myers continues, "though the gap has long heritage and in some respects seems inescapably inherent to the relationship, it has become more formalized and widened, through the efforts of labour unions whose charters depend on their success in convincing labour that management is their natural enemy."

All of the above have helped to make work a form of punishment to many workers, "...uninteresting, demeaning, oppressive and generally unrelated to, or in conflict with their personal goals...." endured only to get money to buy goods and services "which are related to theory goals".

Today's 'propaganda' about the not-too-distant future workless society tends to reinforce this view.

Two forces are tending to make this labour-management dichotomy obsolete, Myers contends: 1. improving education and socio-economic status bring value changes among the previously less privileged — which is accelerated by legislative changes, 2. a growing awareness among managers of the inevitability of democracy as a pattern for healthful entrepreneur society.

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- (a) lack of mutual trust and respect,
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 - (c) perceptual differences.
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SOLUTIONS TO INDUSTRIAL RELATIONS PROBLEMS SUGGESTED
BY BEHAVIOURAL AND COMMUNICATIONS RESEARCH

<u>Contents</u>	<u>Page</u>
A Total Problem Requires a <u>Total Solution</u>	52
<u>Future Research and Present Limitations</u>	53
<u>Summary of Problems</u>	55
1. Real and apparent conflict in goals	55
2. Conceptual differences	55
3. Basic hostility	55
4. Worker frustration	55
5. Poor communications	55
<u>Outline of Solutions</u>	55
1. The decision	55
2. Mutual goals	55
3. Participation	55
4. Communications	55
<u>Tensions Between Two Individuals</u>	56
1. Rigid attitudes	56
2. Communications breakdown	56
3. Distortion in perception	56
4. Distrust	56
<u>Healing Process</u>	57
<u>Tensions Within a Group</u>	58
Group Psychology	58
Methods of Reducing Group Tension	60
"T" Groups	61
Tensions Between Groups - Labour vs Management	62
<u>Some Special Problems of Application to Labour- Management Conflict</u>	66
a) Split Power	66
b) Organizational Differences	66
c) Partners and Combattents	67
d) Cyclical Influences	67
e) A Dynamic, not Static Relationship	68
f) Division within Union	68
g) Informal Work Groups	68
h) The Economics of Conflict	69
i) Total Environment Considerations	70
j) Ideological Differences	70
k) Separation of Labour Relations from General Operations	72

SOLUTIONS TO INDUSTRIAL RELATIONS PROBLEMS SUGGESTED
BY BEHAVIOURAL AND COMMUNICATIONS RESEARCH

To this point we have been concerned with an outline of theories of communications and behavioural research. A small but growing volume of behavioural research has been centred on specific labour-management problems—directed primarily to the resolution of conflict. Most of the writing, to date, deals with the actions and attitudes of management and the evidence of response by employees and unions when new approaches are tried. The role of a third party is also considered.

A Total Problem Requires a Total Solution

Behavioural theory suggests that industrial relations issues must be examined and resolved on the basis of a total problem involving a variety of individual and group relationships and interactions, as well as on the very nature of man himself. We are dealing with a complex set of both group and individual interactions—between men and foremen, workmen and union stewards, union stewards and higher union officers, both company and international representatives, etc. All must be taken into account and all in ranging degrees at different times affect the total relationships between labour and management. The increasing interdependence of functional in-groups in today's shrinking world is stressed by the behavioural scientist in examining the problems of relationship, a fact which helps set the tone and direction of their work. 1/*

Clinical psychologist S.S. Sargent, writing critically of the limitations set by some schools of thought on group behaviour, suggests further, "ultimately (if society's problems are to be met) we must have a

sophisticated social psychological theory which encompasses all of the interoperating forces—whether they are legal and political coercion, propaganda and education, social norms, perceptions, and social roles or attitudes, motives, feelings and other aspects of personality dynamics. Sometimes one of these is more salient, sometimes another or several others, but all of them (and other variables not mentioned) may be significant. 2/ (The dynamic effect of research and automation must be added).

Translated, all of the above calls for the total system approach recommended by McGregor, Mouton and others.

Future Research and Present Limitations

The pure social scientist 3/ is quick to point out that research is in its infancy in many aspects of group relations. However, a few significant experiments have helped to define at least some of the conditions and factors which lead to conflict relations between groups. Other experiments point in the direction of probable solutions to inter-group conflict.

Solutions presented in this paper are drawn from a reasoned application of behavioural science theory and experiment, the evidence of experience in a variety of case studies, coupled with the known practices of plant industrial life and the realities of economics.

Naturally, this brief paper could not begin to encompass all of the facets involved, nor all of research, nor all of the possibilities of action - nor is the writer qualified to do so.

It must, then, centre on matters directly or indirectly relative to communications and certain behavioural research, and to select those solutions which have a probable or 'proven' application on a broad basis.

Future research will undoubtedly clarify, improve, and add solutions. But the daily practice of labour management relations cannot wait for the years of work that will be required to achieve 'the last word' in group relations. Life must go on, decisions must be made, products^{and services} produced, wages paid, managerial policies formed. The students of management science have already established new managerial philosophies and practices drawing on current if incomplete behavioural knowledge with success. To do the same in the industrial relations field is a natural extension of their work.

It has been established in experimental research and demonstrated in a wide variety of cases that the conflict psychosis between management and labour can be reduced effectively by the use of current communications and behavioural knowledge. 4/ 5/

"For years we have been approaching discord and disturbances between union and management from the standpoint of legislative control. We think this base for containing the conflict has about run its course, and that a new approach is indispensable for increasing union and management statesmanship in problem solving.... The new approach is rooted in behavioural science theory.... The broad outlines of a basic theory are already available.... Application of the theory and the strategy for using it in concrete situations of conflict is of demonstrated utility in replacing intergroup pathology with health...." (Blake and Mouton.)

Summary of Problems

Closely interrelated but not necessarily in order of importance, the key problems which we have seen must be resolved if the 'conflict psychosis' in labour management relations is to be changed are:

1. Real and apparent conflict in goals
2. Conceptual differences i.e., economic facts, view of other party, etc.
3. Basic hostility, distrust, etc.
4. Worker frustration - ineffective use of people,
5. Poor communications - perceptual problems, lack of knowledge and facts, and failure to understand the communication process.

Outline of Solutions

Solutions to labour management conflict fall, for our purposes, into four general classifications, which, again, are often closely inter-related and inseparable in practice.

1. The decision to try, seriously, a problem solving, collaboration approach by management and/or labour,
2. The establishment of mutual goals,
3. Increased participation,
4. Improved communications.

Carl Rogers has provided a summation of the basic behavioural knowledge lying behind experimentally tested solutions. "...the young and relatively unrecognized behavioural sciences have a beginning knowledge of how to cope with such mutual antagonism, conflict and distrust (i.e.,

labour-management conflict), but little attention is being paid to this knowledge...." 6/ It has proved effective in resolving tensions and conflict in cases of::

- (a) An individual - "An individual's inner conflict—where through psychotherapy the individual comes to understand and to resolve the inner conflict brought on by the war within himself, between his decent and reasonable self and the "vague, bad, false, wrong forces underneath the surface which he cannot understand".
- (b) Two people - The deep, individual, face-to-face tensions between two people—man and wife, employer and employee, etc.
- (c) A group - Tensions within a group of diverse individuals.
- (d) Two groups - Tensions between two small groups.
- (e) Racial and International - Some beginning knowledge in resolving problems experimentally between groups of different nations and races.

Tensions Between Two Individuals

Rogers points out that the process dealing with tensions between two individuals is also applicable to dealing with tensions between two groups—i.e., labour and management. The four primary elements found experimentally in conflict between two individuals are:

1. Rigid attitudes
2. Communications breakdown

3. Distortion in perception

4. Distrust

Rogers describes the well-established "process" of 'healing'. // Healing Process

1. Facilitative listener—"a person who will listen emphatically and will understand the attitudes of each disputant from the disputant's point of view. When an individual feels that he is thoroughly accepted and thoroughly understood, he finds it less necessary to hold rigidly to his own beliefs and attitudes".
2. Individual self-exploration—next, "the individual begins to explore his attitudes more fully, with less rigidity and less defensiveness". When he feels he is understood, an individual has less tension and he begins to bring into the picture "elements which he has previously been reluctant to consider or has denied completely...."

With this comes an awareness of his own patterns and motives—i.e., "insight". He sees where his motives are not all that he imagined them to be and where he is not as fully justified in some of his attitudes and behaviour as he has been telling his opponent.

As tensions relax, a change in perception takes place, whereby the parties are willing to view the problem in more than one way. "This recognition that previous convictions are perceptions and not facts is an extremely important element in change." Thus, the problem becomes more soluble when seen in these more accurate terms.

Using this process, it will be seen that many behavioural and communications problems noted earlier have been resolved. Reduction in

distrust has led to removal of some of the filters of the imagination which made it more difficult to perceive facts. At the same time, mistrust disappeared as communications improved--as the parties felt they could say all that was in their minds--in a climate conducive to self-expression, to being understood and accepted. Both parties also had consciously adopted the goal of reconciliation and the resolution of the problems before them.

Tensions Within a Group

From the standpoint of labour management conflict tensions, lack of cohesion or confusion of purpose within either the managerial or the labour structure may cause conflicts between the two sides which cannot be resolved except by resolving the issues within each group.

Walton and McKersie deal with the problem in detail under their fourth sub-process entitled—"Intra-organizational Bargaining" which is designed to facilitate a consensus within each group prior to actual bargaining.

All of the principles involved in reducing tensions between two individuals apply in reducing conflict within a group—or in getting a group to unite on a programme of action or in achieving a consensus.

Group Psychology

Special problems are created, however, (as we have noted earlier) when you consider the tensions created within a group as against the problems discussed when dealing with two individuals.

A group is not merely the adding up of all the individual's characteristics within the group to make a 'sum total effect'. The fact of being a group—a cohesive in-group of people who associate together in co-operation or sympathy, or a common purpose, or with a common framework of thinking creates a special 'group' nature. This special 'group' effect in turn is absorbed by the individuals in the group and may be expressed in many different ways such as their loyalty to each other and the groups—their disdain for other or opposing groups—their easy acceptance of group values etc. Research is voluminous on the nature of group psychology, etc. 8/

Research in group psychology strongly emphasises the characteristics which the individual absorbs from the group.

Sherif and Sherif point out that "in an important sense, the individual has no consistent or clear cut personality apart from his ties with other persons, groups and institutions". 9/

They add, however, that this is not just a negative or constrictive relationship. Society "consists also of positive values which the individual acquires in the image of his society and which set new goals and aspirations for him which may not be initially in his biological make-up". 10/

In contrast we also see the tendency of persons in today's 'hippie' or 'dropout',—figure to break from the moulds of their own group or culture and to live independently from other groups. Independence, however, is usually followed by conformity with a new 'hippie' group.

Group psychology must be balanced against this psychology of individual independence—a factor readily observed in union organizational work. The problems of maintaining group loyalty and, especially, active interest in union affairs is a labour leader's continuing concern. People ^{also} tend to move in and out of groups if their interests and goals change.

Methods of Reducing Group Tension

Various methods of applying tension reducing or consensus achieving procedures have been developed.

Blake and Mouton ^{e.g.} have developed a method based on the Managerial Grid 11/ which has been widely used in managerial development programmes in task oriented situations, designed to build a management team.

In general these methods bring a group together under a 'climate' conducive to producing attitudinal change.

Frequently, if the problems are severe, a leader trained in behavioural practices starts the process—but, once on the move, the group usually acts under its own group leader.

The process normally begins with an explanation by the leader of behavioural theory—some of the cause of conflict and confusion—and the gains to be made by achieving a certain goal.

In a 'permissive' climate each person in the group is encouraged to discuss the theories presented. Once an understanding of the process and an appreciation of the gains to be made is achieved, then the group

s encouraged to discuss the problems, misunderstandings and blockages which have kept them from unity of purpose.

In the 'permissive' climate created by an 'understanding' leader—issues are seen in their proper perspective and solutions are frequently found in the same manner noted in Rogers' description of resolving tensions between individuals. In the 'Wet weather drop' case, page 116, in which a foreman and his work gang sat down to go over the problems of improving general work performance, some of the real problems preventing performance achievement were related to reactions and feelings of the men on other matters such as overtime distribution which had to be cleared away before the goal of improved performance could be achieved. Basic changes of attitude have taken place permitting a consensus—and leading toward a commitment of the individuals and the group to a common purpose.

T^m Groups

These are a variation on the theme. Much credit for research and experiment in the application of new behavioural research to industrial problems must go to the National Training Laboratories, Washington, D.C. whose principle fame has been the development of the "T" Group training methods or "sensitivity training" by which it is sought to change individual and group motivation, attitudes, goals, etc.

The "T" Group brings together some 10 or 15 persons with a permissive leader who allows the group almost complete freedom to discuss anything. Over a two-week period of continuous meetings, personalities

clash, views of all present get aired, opinions of each other come out and the person becomes so involved that before it is finished he or she ends up, in the thought of Robbie Burns, "seeing himself as others see him", as he really is. Many dramatic cases of self-realization and improved behaviour on return to a work situation have resulted, as well as the development of group consensus, when sought. There are problems, and criticisms, but this paper will not seek to detail them. Literature on the subject is abundant.

Tensions Between Groups - Labour vs Management

Background Problems

The difficulties are further increased when seeking solutions for two opposing groups. Sherif and Sherif mention the wide variety of causes of conflict covered by different authors including: 1. deep-seated instincts inherent in human nature 2. frustrations of individuals leading to aggression 12/ 3. national characteristics and culture 4. character of leadership. All of these play a part, they say, in determining inter-group behaviour.

"But the essential feature of inter group relations...requires that consideration be given to these and other factors as they operate within a setting of the particular case of inter-group relations." 13/

Sherif and Sherif continue,"

"Inter-group behaviour is the outcome of internal factors (motives, attitude complexes and the like) and external factors (situational, organizational, socio-economic, and material which jointly

determine the unique properties of psychological structuring at the time.

In short, inter-group behaviour ...can be understood only within its appropriate frame of reference...." 14/ This is particularly applicable in labour management conflict.

Note:

A recent study by R. J. Burke, F. Faber and B. Bresver at York University, Toronto, demonstrates from three research projects the significant superiority of using 'problem solving' (confrontation) methods in handling superior-subordinate conflict over other methods - 'withdrawal', 'smoothing', 'compromise' or 'forcing'. 15/

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- 1/ "Groups in Harmony and Tension - An Integration of Studies on Inter-Group Relations", M. Sherif, C.W. Sherif, Octagan Books Inc., New York, 1966, pp 155-156.

"No group is a closed system any more. The political and economic lines drawn in recent times have created new situations of flux and tension among in-groups.... One of the first advances in the study of inter-group relations will come from a full recognition of the historically irreversible fact of the state of interdependence and flux among groups in the present-day world. This state of interdependence and flux has made obsolete the conception of inter-group relations in terms of scales and values of this or that constituent group or combination of groups. It is forcing upon us a scale of values which transcends the traditional bounds of identification in a more comprehensive and integrated reality of "we-ness" that is real, that is not contradicted by the demands and values of the more circumscribed "we-ness" of the constituent parts."

- 2/ Sherif, Ibid., p. 171.

- 3/ "Groups in Harmony and Tension", Sherif and Sherif, Ibid.

- 4/ Sherif and Sherif, Ibid., p. 156:

"The resolution of tension between groups which are in a state of interdependence can be a reality and not a constantly frustrated hope if factors from the constituent in-groups will cease to contribute their pull in conflicting directions. And this requires tuning in those aspects of in-group goals and activities which have a bearing on inter-group relations in such a way that they will not be crassly insensitive to the positive moves of inter-group relations...the psychologist is not in a position to solve the staggering problems of inter-group relations independently of men in social sciences and in practical affairs...(but), he can set up group experiments which will show convincingly that a state of tension between groups can be effectively reduced and, in fact, turned to harmony by eliminating functional relations which are conducive to friction, by introducing constructive, creative group goals which require for attainment pulling together of the groups involved with their utmost energy."

- 5/ Blake and Mouton, from Sherif's "Inter-group Relations, etc.," Ibid., pp. 138-139.

- 6/ Carl Rogers, Journal of Applied Behavioural Science, January, February and March, 1965, pp. 8-10.

- 7/ Rogers, *ibid.*, pp. 13-14.

8/ "Groups in Harmony and Tension", Sherif and Sherif (Ibid), p. 37.

"...studies of human groups and collective situations point to the fundamental error of assuming that differences in man's behaviour in group situations are simply due to lifting repressions from instincts.... ..in group situations qualitatively new behavioural characteristics appear... Evil or good or in between.... They are directly related to the participation in a production of a group structure and are not understandable merely in terms of any one individual or all of the individuals inside the group. They are understandable in terms of the group structure and the by-product of group interaction such as social norms, values or traditions...."

9/ Sherif and Sherif, Ibid., p. 37.

10/ Ibid.

11/ "The Managerial Grid", Blake and Mouton, Ibid.

12/ Groups in Harmony, etc., Sherif and Sherif, p. 296.

13/ Sherif and Sherif, Ibid., p. 297.

14/ Sherif and Sherif, Ibid., p. 297.

15/ "Methods of Managing Superior-Subordinate Conflict: Their Effectiveness and Consequences", R. J. Burke, F. Faber and B. Bresver, York University; presented at Annual Conference, Association of Canadian Schools of Business, York University, Toronto, June 9, 1969.

SOME SPECIAL PROBLEMS OF APPLICATION TO LABOUR-MANAGEMENT CONFLICT

Before detailing specific solutions, it is necessary to examine, briefly, some of the special characteristics of labour management conflict.

(a) Split Power

Dealing with tensions between labour and management bargaining groups is made especially difficult since the persons representing both sides are frequently not able to follow their own desires as they act under orders of company senior officers or under restrictions placed on them by union policy or membership pressure.

Therefore, in dealing with the union-management relationship one must go beyond the bargainers to affect in some way all the sources of influence and power.

Nevertheless, changes in approach by the bargainers themselves normally brings a change of emphasis in their dealings with their own groups—which has been demonstrated to have a positive influence in many instances.

(b) Organizational Differences

The generally authoritarian nature of business organizations is in sharp contrast with the political kind of organization required by labour unions. Grave misunderstandings of the role of leaders on each side are possible should the differences not be appreciated on both sides. There have been occasions, for example, when management has come to an understanding, or even, an agreement with senior union officers only to

find that the political situation within the union has prevented the labour men from carrying out the agreement.

The structure of company and of union organization is not by any means simply authoritarian and democratic respectively.

Stagner and Rosen point out, for example, that "the policy making decisions of company leaders necessarily reflect the needs of other people in the organizational structure—otherwise, the coalition will break down.... Executives are constantly faced with the demands of social reciprocity...made by (a) lower echelons of management (b) organized production employees (c) the stockholders (to some extent)". 1/*

Without attempting to outline all the facets of organization, it is sufficient to say that any 'new' approach must take into account the basic organizational problems.

(c) Partners and Combattents

Both sides share the tasks of production, then battle over the spoils, a brash dichotomy in which the attitudes and reactions from the bargaining battles readily spill over and mar the production partnership.

(d) Cyclical Influences

Wages tend to rise more slowly than profits in a short term business boom, in the early stages, creating added union pressures once the variation in growth becomes clearly apparent. Then when the cycle turns and profits begin to drop wage pressure continue for a period. These cyclical changes create strains in the labour management relationship unlike other inter-group conflicts.

*(Footnotes for this section, p.75)

(e) A Dynamic, not Static Relationship

The daily problems of production, grievances, quickening automation, regular bargaining periods and ever changing leadership on both sides, are among the factors which create a dynamic situation in labour management contact. Periods of well being and conflict can succeed each other. Nothing is hereditary. The manner in which solutions are created for each day's problems will affect the general climate. Dynamic change is normal today.

(f) Division within Unions

This has been a growing problem not only between national unions but also between well established union leadership and the 'rebellious' young worker, particularly expressed in rejection of signed contracts at the local level and overthrow of older, long-standing union leadership.

The problem is accentuated by management failure to grasp the nature of the problem and by some union leaders who tend to make use of this restlessness to push for power or for extreme settlements or become trigger-happy, strike prone, feeling that they must ride with the tide to stay in power. 1A/

(g) Informal Work Groups

The 'discovery' or clarification of the "hidden" organizations of workers in any plant—came initially from the Hawthorne Studies (1927-1937). C.W.M. Hart explains their nature as seen in these experiments. "...there exists in every shop department—usually unknown to management and even when suspected, still not understood—an organization of rules, norms of conduct, symbols, sanctions, etc. - a culture.... This framework of rules has binding force on all the individuals in the group and is kept in being by the workers themselves.... This does not mean that it is

necessarily hostile to the rules of management, it may be but it equally may not be...." 2/

Such worker groups operate whether or not there is a union—and may act apart from formal union representation—such as an agreement to limit the pace of doing a job among members of a group.

Any solutions to conflict problems must take "informal" shop organizations into account as well as formal union power.

(h) The Economics of Conflict

The problem of application of behavioural science and communications to the industrial relations scene is further heightened by economic elements. Not only is there a problem of reducing tension to produce a problem-solving climate, but also there may be a problem of conflict of economic interest, real or apparent.

This cannot be readily met by a behavioural and communications approach alone. (The Canadian case studies indicate, however, that an improved relationship brought about by the use of this approach does have an effect both on bargaining and on working relations at the plant level.)

One of the criticisms of the National Planning Association studies, "Causes of Industrial Peace" (1948-53), put forward by Professor H. Northrup of the Wharton School of Business, Pennsylvania, 3/ is their failure to deal with economic issues. Industrial peace, he states, was a lot easier to achieve in industries where the ratio of employees to total investment was low, such as in the pulp and paper industry. The companies could afford to pay more and ensure a continuous run of their

machinery at a time when markets were good. It would be much more difficult, he claims, to achieve the same kind of industrial peace where industries are more labour-intensive and the cost of wages much higher relative to investment.

(i) Total Environment Considerations

Recent discussions with representatives of the National Training Laboratories , which has pioneered the use of "T" groups and other forms of behavioural techniques reveal that it has proved difficult in their experience to apply their problem-solving techniques to labour management conflict situations isolated from the total environment which surrounds bargaining and plant operations—including the economic and conceptual problems and the pressures from all sides exerted upon management and labour, etc.

Renses Likert in "The Human Organization" observes that "the whole organizational climate" is the key to progress and labour-management harmony.

Unlike some other inter-group conflicts labour-management relations cannot be isolated from a wide variety of surrounding circumstances when considering conflict problems.

(j) Ideological Difference

The social beliefs of responsible labour and management representatives as well as those held by the rank and file are known to have an influence on their relationship—Walton and McKersie 4/ discuss

the variations in social doctrines from the early absolute and total right to manage and the extreme socialist position--to the more commonly held accommodative position ^{in which} bargaining and more widespread distribution of the fruits of the economy have diminished the hold of the more extreme positions. The trend toward a closer co-operation is evident on all sides, they claim, through consultative agreements and so on--but it is by no means universal. Additional consideration to social beliefs is given on pages 200 to 220.

(k) Separation of Labour Relations from General Operations

The need for a 'total' approach to labour management relations has been discussed.

One of this writer's principle observations has been the tendency of many senior management operating executives to segregate and isolate labour relations from the general operations of the company—to treat union questions and employee problems as separate or nuisance issues which have to be resolved in order not to interfere with the main functions of management. The professionalization of labour relations frequently accentuates this problem by creating ^{too often,} a group of 'specialists' (and sometimes independents) whose daily burden of dealing with the union isolates their work from production and sales—both mentally and actually.

At the same time the 'professional' full time labour leader, either as a plant chairman or international representative who must be concerned first and foremost with increasing labour's gains through bargaining—or at national levels with legislative, social and political goals ^{which} absorb increasing amounts of time—becomes isolated in his thinking and action from the needs of production and sales (with prominent exceptions).

If there is to be a development of mutual goals or integration of the goals of management and labour then labour relations must become more closely allied to basic managerial functions.

The senior management members of the former National Productivity Council recognized the problem of isolation of management policy makers from union management relations by confining management's attendance at the first series of National Conference of Labour and Management to the presidential or policy making levels. Labour relations officers were so embroiled in regular 'combat', it was argued, that they would lack the proper attitudinal approach required to arrive at new policies which might turn away from conflict toward mutual concern, at least for the whole economy. At this series of meetings, responsible Canadian labour and management leadership came to accept the need for a national Economic type of council and agreed to work toward that end.

Increasing interest in the new managerial theories and the evidence of policy-making-level interest in labour relations through membership on such bodies as the Economic Council and ^{on} provincial joint councils, plus attendance at a series of national conferences, may indicate a developing change —or potentiality for a change, at least.

Scott Myers, McGregor, Rogers, Likert, Blake and Mouton, to name a few behavioural scientists, also point up the importance of ^{integrating} labour relations with top level policy-makers.

"By its very nature, organization structure sets up divisions, departments, sections, and units within a company. Doing so is calculated to concentrate energy and effort around operational and production objectives. It also creates conditions than can lead to interdepartmental rigidities and cleavages which prevent the interdepartmental co-ordination of effort essential to accomplishment of overriding corporate purposes." 5/ (or mutual goals of management and labour, ed.) Blake and Mouton.

We are faced, however, by the problem that in the present system, managerial practices are considered to be the sole concern of management except, for example, when blatant offences by foremen overstep the legal or contractual rights of employees or union representatives and become grievance and arbitration, or bargaining issues.

A heavy responsibility therefore lies with management to assess managerial theory and practice in the light of union and employee response as well as in relation to its primary objectives of production, sales and efficiency.

Conversations held recently with Professor Livernash, Harvard School of Business, specialist in industrial relations and managerial practices, indicate, broadly speaking, that non-union companies which he has examined in the U.S. seem to have made more use of the findings of behavioural research in managerial practice than have companies with unionized employees. Some indication of the same is noted on the Canadian scene in the cases: Imperial Oil Limited, Simpson's Sears, and Dominion Foundaries and Steel, Hamilton, in comparison with a number of the major unionized corporations. (See Appendix.)

The burden of this study is that management of unionized companies, their unions and their employees all have much to gain from a careful application of behavioural and communications knowledge, as many companies and unions have already discovered. Both labour and management have found that highly significant productivity gains have resulted, for example. (See Likert's "Human Organisation", and the Alcan case - Appendix).

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SOLUTIONS TO INDUSTRIAL RELATIONS PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
ATTITUDINAL CHANGE: THE DECISION TO ADOPT PROBLEM-SOLVING METHODS	77
Win-Lose Easily Adopted	79
Management Initiative	80
Labour Initiative	81
<u>ESTABLISHING MUTUAL GOALS</u>	84
<u>Limitations and Inadequacy of Conflict Theory of Labour Relations</u>	84
<u>Historical Change to Primacy of Mutual Interest</u>	86
<u>The Basis of Mutual Interest</u>	87
1. <u>Economy of an Individual Company</u>	87
Profit on Investment	88
Price and Productivity Qualifications	88
2. <u>Economy of the Country</u>	89
Success of National Economy	89
3. <u>Productivity, Wages and Profits</u>	90
Labour as a Commodity	91
Long-Term Employees	93
4. <u>Profits</u>	93
5. <u>Profits versus Wages</u>	94
Rent, Interest and Non-incorporated Income	97
In Summary	98
Cost of Conflict--A Mutual Loss and Mutual Concern	99
The 'Free'-Market	100
The Capital Market	100
Social Goals--A Limiting Factor	101
Democratic Processes	102
Moral Limitations	102
Valid Conflict in the Power Bargaining Relationship	103
1. <u>Acceptable Bargaining Areas</u>	104
2. <u>'Natural' Conflict</u>	105
Generation Gap	107
Some Conclusions	108
Integrating Goals	108

ATTITUDINAL CHANGE: THE DECISION TO ADOPT
PROBLEM-SOLVING METHODS

"Industrial Relations is the study of the humane arts with the use, where relevant, of scientific methodology. Industrial relations is not a science. Rather it is the study of the values arising in the minds, intuitions and emotions of individuals as these values become embodied in group organization and action." 1/ *

Prof. T. Brown, Princeton U.

The elementary first step in resolution of labour management conflict is for management in association with labour leadership whenever possible to decide on a problem solving, collaboration approach replacing the traditional win-lose battle strategy described on pages 41 to 43: in short, an attitudinal change.

H.A. Shepard, Case Institute, lists the five methods used by parties to a conflict for "reducing the frustration experienced by both sides as follows". 2/

1. Suppression of the weaker by the stronger
2. Fighting it out on a win-lose basis
3. Bargaining
4. Problem-solving
5. Collusion or uniting against a third party

While at its best, bargaining merges into problem-solving, says Shepard, run-of-the-mill bargaining terminates in compromise where the conflict of interest is not resolved. The term "problem solving" Shepard reserves for those encounters in which the parties "are able to treat the existence of a conflict of interest as a problem they share in common and have a joint responsibility for solving".

- 77 -

*(Footnotes for this section, p. 82.)

"With the exception of the services of mediators" Shepard admonishes, "it is not clear that there is any well organized constitutional support for a 'problem solving' approach to conflict resolution. The phrase suggests a more advanced state of civilisation than we have as yet attained." 3/

Professional negotiators, mediators, and arbitrators appear to have relied very little on the findings of psychologists and the other behavioural scientists, he concludes unless to assist in "winning the battle," and relatively few resources are allocated to the support and control of problem-solving approaches. Accompanying this, he adds, is "the deeply ingrained cultural theme of polarizing all issues".

Blake and Mouton underscore the problem from the managerial side, an approach which has a natural carry-over into solving union-management problems.

"From a general standpoint, three observations regarding inter-group relations are clear. One is that without training, there is little awareness among members of management of inter-group problems as problems. As a result, the general tendency for management is to fall into the win-lose trap seeking to force its will through the exercise of power and authority. Alternatively, the conventional management attitude is to regard such problems as inevitable and to live with them rather than taking a constructive attitude toward solving them." 4/

The latter "inevitable" attitude is also commonly held in labour circles when considering the general problem of relations with management.

Win-Lose Easily Adopted

The win-lose approach is not only in widespread use, but is easily adopted by both sides—and readily understood.

Representatives of management and of labour find themselves battling against each other every two years or so at the negotiations table—accompanied by the long period of advance preparations demanded by the legalities and complexities of modern contractual relations. At the same time each side must supervise or handle the daily grievances and regular arbitrations. In time, understandably, many representatives who act for each side reach a frame of mind in which all aspects of management-labour relations are considered within this 'confrontation' or win-lose 'psychosis' framework. The practices of company presidents also has a bearing. Presidents and senior executives of large companies tend to leave the problems of industrial relations almost entirely within the hands of the industrial relations specialist on the staff, i.e., to rely on him for advice and counsel—and to refrain from becoming involved in labour relations issues whenever possible. This may be necessary on organizational grounds but when the system encourages the president to adopt or support the 'confrontation' framework of the specialist, if this is the case, the 'confrontation' problem is further heightened.

Positive Bargaining

To become generally fully effective, a 'new approach' decision must apply to all facets of labour management contact from the foreman-workman-steward - everyday relationship to the bargaining itself. Walton and McKersie refer to "many cases where skillful handling of contract negotiations led to more co-operative relations, and other cases in which ineptness resulted in a deterioration of union-management relations".

They give credit to Professor B.M. Selekman for this emphasis when he urged negotiators to view the negotiating process "as a social and psychological device for actually beginning to liquidate rather than merely continuing hostilities". 5/

Management Initiative

Evidence of the Canadian case studies indicates that a change of basic approach usually begins with management. Labour responds once convinced that the 'new look' is a genuine one. Most of the behavioural experiments are also cases where the management of a company decided to adopt a collaborative, problem-solving approach, either on the basis of a new managerial thinking similar to the 9-9 theory (Blake and Mouton - "The Managerial Grid") or because of a severe conflict situation that required a solution. In the CNR study (Canadian cases), for example, the problems of manpower changes brought about by the closing of the London repair shops were thought to be more easily solved through a co-operative study with labour. At the International Harvester Company (U.S.A.), however, both management and labour decided together to try a collaboration approach in the face of a monumental number of grievance and arbitration cases and continuing expensive conflict. 6/

A prairie international union representative reported to the writer that the labour relations climate had changed for the better, in his own words, "as day follows night," when the manager of one of the companies, with whom he held a contract, decided to take a new collaboration approach three years ago. The change came as a result of the manager's attendance

at a 'Banff' managerial training course which stressed behavioural aspects of industrial relations.

A senior officer of a fairly large Canadian industry, "A", with a long record of labour conflict, decided in recent years to take a problem solving approach when he was placed in full charge of industrial relations. A greatly improved climate now exists with a significant reduction in grievances and strikes while solutions to manpower and other problems are being found with much greater facility than in the previous win-lose atmosphere. 1/ (Also note Alcan case, Appendix).

Labour Initiative

Initiative by labour leadership is not precluded. There are on record a number of instances where labour unions have approached management, sometimes at the bargaining table, sometimes apart from bargaining and successfully encouraged a change of managerial approach to labour relations matters to the advantage of both sides. The basic claim of labour, in fact, holds that labour power has resulted in a fundamental improvement in management attitude. In pre-union days, for example, a foreman had the right to fire a man on any pretext, and the man had little or no protection against injustice.

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Next page 84

ESTABLISHING MUTUAL GOALS

"Inter-group conflict undergirds much of modern, complex organization life. More than ever, there is greater interdependence among the functions of groups. This interdependence can aid organizations to take great strides forward toward the accomplishment of mutual goals. On this same interdependence can breed the most hostile and disruptive of conflicts. Once conflict erupts, it is difficult to bring it under control. It can consume everything and everyone it touches." 1/ *

Blake and Mouton.

Two fundamental questions arise.

- (1) Are there, in reality, sufficient mutual-interest goals which challenge the widely held concept of conflict of interest now given primacy of place throughout the union management world?
- (2) Is it possible to integrate the separate goals of labour and management so that they can be met in a joint effort?

The Mutual Interest Goals of Labour and Management

The importance placed on the establishment of mutual goals for both improving communications and resolving conflicts has been detailed on earlier pages. The task now will be to -

- (1) clarify the nature of mutual interest goals; and
- (2) establish in fact the basic proposition of this paper that the mutual interest goals of management and labour are 'monumentally' greater than the interests over which they quarrel.

Limitations and Inadequacy of Conflict Theory of Labour Relations

In order to establish the primacy of mutual goals, it will be necessary to challenge the all-pervasive labour-management 'conflict'

*Footnotes for this section pp. 111-112.

role now in vogue in North America in both theory and practice.

The Power Conflict theory suggests that management (including the owners of industry) has only one fundamental aim—to maximize profits and to maintain the full power to do so. Conversely labour, too, is only self-interested, the theory claims. It seeks to prevent management from 'exploiting' its services—while gaining enough collective strength to win more power from management in order to insure more returns from the enterprise and provide better security. As well, labour desires to become part of the decision-making process through collective bargaining on all issues that affect employee welfare. 2/

If conflict is not only the very essence of the relationship between management and labour, but fundamentally essential to both sides in this power struggle, why try to resolve it?

First, it is admitted by the conflict theorists themselves that 'unnecessary' conflict should be reduced while maintaining basic conflict roles. The question then arises, "Why is some conflict 'unnecessary' at all in a conflict situation?"

The above argument presupposes that there are important interests common to both labour and management which can be upset by 'unnecessary' conflict—otherwise, the conflict theory is a 'winner take all' proposition—a war to some 'finishing' point.

It is true that a few men on the labour side and a few men on the management side have a 'finishing' point in mind, namely—the total destruction of labour unions on one side and the setting up of a worker

owned and operated industrial economy on the other which would do away with the free competitive market system. These are the extremes. But from wide observations they do not represent the great bulk of opinion on either side, although pressures from the 'New Left' in favour of the extreme positions are increasing at the present time, accompanied by a hardening of provincial labour laws against labour.

Historical Change to Primacy of Mutual Interest

Nineteenth century theorists, Ricardo and Marx, reinforced the conflict concept in the minds of social thinkers. Scholars generally agree that modern trade unions came about chiefly to correct the failure of the private enterprise system of the 1800's to provide workers with a sufficient share of developed wealth and proper conditions of work and security.

Today, when a union is first being formed, conflict is usually the trademark of relations between labour-management. The proposition of this paper is, however, that when a mature relationship between a labour union and a company which is in a competitive market position has been achieved, bringing about well-established union power and competitive wages, while government legislation insures some balance of power, the conflict relationship has been or is in the process of being superseded by a relationship where common concerns are of very much more real importance than the areas of conflict —even if unrecognized by both sides.

The Basis of Mutual Interest

The following are among the arguments supporting the primacy of mutual interest not necessarily in order of importance.

1. Economy of an Individual Company

In a mature relationship true power bargaining is limited, in reality, to the minor but critical financial area of profits when considering the total operating money of an industrial concern.

Profit on sales—Canadian manufacturing firms have achieved on the average 3 to 7 per cent net profit after taxes on the sales dollar income. Latest figures of the Canadian Manufacturers Association show a 4.6 cents profit on each sales dollar after taxes in 1967, and an average of 5.44 cents from 1949 to 1967 in a 1,000-company survey of Canadian manufacturing concerns. Other aspects of 'profits' are not considered here.

The payment of wages in any one period of time and all other costs of the average Canadian manufacturing company therefore must be derived from the balance of approximately 95 per cent of the income from sales.* Since a company cannot survive if costs exceed income, both labour and management have, normally, a 100 per cent mutual interest in the 95 per cent of sales income which is required to insure the coverage of all costs assuming no productivity increase. In the process they have virtually a total mutual interest in production and sales.

The only area of quarrel, if indeed it is a quarrel, can be over returns to capital, the income which is derived over and above all non-

* (In special situations above wages could be paid from past savings or borrowings on expected future profits).

capital costs—how much of this is returned to capital and how much to labour?

Profit on investment—If one chooses income from assets or invested money in industry as the method of measurement to determine whether the level of return as risk capital is reasonable, the CMA reports a profit of 9 per cent of total net worth of manufacturing industry in 1967, based on the same 1,000 sample company survey. From 1957 to 1967 the average profit after taxes as a percentage of net worth was 8.8 per cent.

Price and Productivity Qualifications—The proposition that increased incomes for labour as well as increased incomes for owners and management can only be paid out of profits (when costs remain fixed), must be qualified by the fact that the price of goods being sold can sometimes be raised by a company in order to make up for the reduction in profits caused by increased payments to labour, i.e., the consumer 'pays'.

Among many problems, however, the possibilities for price increases in any one period are limited under reasonable competitive conditions, and do not in any case significantly change the high mutuality of interest position. Both labour and management in fact share another area of mutual dependence—the ability of the market to absorb price increases. Canada's high position as an exporting nation adds another limiting factor. The Economic Council of Canada, said in its Third Annual Review, November 1966 (reporting on a survey which showed that Canada, much more than the United States is affected by foreign influences in pricing policies):

"Foreign competition appeared to be much the broadest and most important limitation on discretionary pricing by large firms. The limitation is evident, first, in the position of exporters who have to meet a world or North American price and have little discretion to set a price of their own, and second, in the practice among many Canadian firms producing for the domestic market of pricing to the landed (tariff-paid) price of competing imports." (pp. 132-134)

Reduction in costs through various forms of productivity improvement is also an important avenue through which returns to labour and to management and, just as important, price reductions to the general public can be obtained. The Economic Council also added in the above review "Recommendations;...much more basic economic research needs to be done on problems relating to prices, costs, incomes and productivity in the Canadian economy...." (p. 193).

2. Economy of the Country

Success of National Economy

Normally, the success of any single company is dependent upon the well-being of the national economy as well as upon the effectiveness of its management and work force. The state of the nation's economy, therefore, is a matter of mutual concern to both management and labour since both suffer when the economy falls off—with labour often hardest hit. The formation of the Economic Council, on which official representatives from both sides sit, is a recognition of this fact. Yet, little attempt is made by the individual companies and unions to consider the larger economic picture together—even though they are both so dependent upon it.

The development of economic ideas arising out of the Keynesian theories of economic management in the Western World countries and the increasing effectiveness of gathering and interpreting data will probably result in speedier and more effective government response to economic influences that retard growth. As the effectiveness of economic management increases, it is likely that the particular adverse influences will be identified far more rapidly and governments will react, therefore, far more quickly to limit or offset them.

Whether or not a continuing floating incomes policy arises as a result, the general attitudes of government will likely cause both management and labour to review their bargaining demands and price policies in the light of their effect upon the economy. We may have, as a result, a more 'locked-in' system--where freedom of movement of either party will be restricted either by government, or by choice of the parties as is the case in Sweden.

Recognition of the mutuality of interest in the general economy would become essential.

3. Productivity, Wages and Profits

A recent Department of Labour study ^{3/} shows that, in aggregate, 'real' increase in returns to labour ran almost exactly parallel to the increases in Canadian productivity during the 1946 to 1967 period. At the same time, as the Economic Council of Canada has affirmed, aggregate increases in profits also have remained in the same relative relationship to wages ^{4/} and thus also to productivity over a long period of

years, with the balance turning in favour of profits during the early part of an upswing in the business cycle—and then towards wages in the later part of the expansion and in the ensuing downturn. The simple law that real increases in wealth from given resources are only derived from a more productive use of these resources is at work.

Productivity improvement stands out as a matter of highly important mutual concern for the whole economy and for viable companies, their employees and unions. Robert Brookings and the U.S. Council of Economic Advisors elaborate further— see Footnote 13/, p. 112.

A strong claim is made by labour spokesmen that the economy of the Western world has been driven to greater levels of productivity, and thus higher standards of living, an indirect result of labour's continuous demand for higher wages. These demands, it is stated, have forced manufacturers to automate to maintain profit levels, although they are seldom, if ever, related to the actual possibilities of productivity improvement. Others claim that management's desire for profit as well as prestige and control are largely accountable. McClelland of Harvard, we have seen, places considerable stress on the 'creative' incentive by which men are drawn to find satisfaction in creating and developing new processes, new industries and new structures. Probably all have had a part in productivity improvement and in the general process of economic development. Keynes saw this too,* stressing the importance of "spontaneous optimism" to do "something positive" as against measuring 'everything' in terms of "precise profits to be gained".

Labour as a Commodity

There is also a sense in which labour can treat itself as a commodity, i.e., it can, through bargaining, sell its services at the

* "General Theory" - Keynes, McMillan 1936 edition, pp. 161-163; 150 subsection (iii)

highest possible price in the same manner as a commodity. Some economists even claim that all the gains of labour arise from this market value relationship in the long run. 5/

There is an important sense, however, apart from the matter of human values, in which labour is not a commodity in comparison with other 'material' goods or services which compete in the market.

The buyer (management) of labour services in a bargaining dispute is locked in by contract and by law to buy only this product, i.e., the services of his own labour force. In the open market, he can, if the price of a product is too high, make choice of another competitive product--or another kind of product altogether.

If labour's demands are too high management can accept a strike, find ways of productivity improvement whether or not they are the most feasible moves economically at that time, or raise the price of his products and risk competitive attacks in the market. It is, therefore, not a free market between management and labour. Labour's demands for ~~its~~ services are related more directly to the market for the company products than to management—in reality—a factor which ought to be more closely tied into bargaining than is currently the case. If finances are suitable and time permits, companies also make machinery and other changes, as we have noted, to offset wage increases. Whatever the case, the mutual interest in productivity as the basic route to income improvement does not change.

Long-Term Employees

Just as capital and labour take the same relative shares from the economy over a period of years, related closely to productivity improvement, it can be said that in ~~an~~ individual company in a competitive position ~~any~~ individual employee remaining at the same job level for a few years normally can only increase his real income over the period to the extent that company productivity improves noting that real wages relate to national productivity.

4. Profits

The over-all profit picture of Canadian Manufacturing Companies suggests another significant area of high mutual interest. The Canadian Manufacturers' Association reports that, for the year 1967, average net profits on sales income among 1,000 Canadian manufacturers surveyed amounted to 7.8 per cent broken down as follows:

3.2%	- taxes
2.3%	- reinvested in the companies
<u>2.3%</u>	- paid to shareholders

Total Net Profit	7.8%	- on sales income
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After-tax averages for the 1949-1967 period, compared closely with the above. According to CMA figures they amounted to:

2.97%	- reinvested
2.47%	- paid to shareholders

(a) Government Tax Share—The tax of 3.2 per cent on profits, above, must be considered an area of total mutual interest between labour and management. Both sides gain from government use of the money. Labour

gains in direct government payments to education, pensions, children's allowance, unemployment insurance, etc. Companies may feel, right or wrong, that they gain less from the tax dollar than labour due to the numerical superiority of the labour force. They do gain from government attempts to maintain the growth of the economy, roads and transport facilities, defence, law and order, etc.

(b) Profit Reinvestment--The 2.97 per cent of profits (1949-67) reinvested internally by companies is also an area of shared gain with labour. It represents, as discussed earlier, an important part of the cost of improving productivity which is of joint concern.

(c) Dividends--What happens to the 2.3 per cent paid out in dividends? No detailed answer to this question is available. In practice, much of it is thought to be reinvested in industry by the individual recipients, providing another important source of capital for industrial expansion--and productivity improvement. Dividends also represent a return for the use of capital which has been accumulated through savings. Investment houses, also claim that although not significantly large, more workmen are now investing savings in stocks and bonds--achieving for themselves a return on their own savings through mutual funds, etc.

5. Profits versus Wages

It is sometimes argued that increases in labour's returns from industry should be derived by reducing the profit margin to shareholders.

Would a reduction in management's share of profits for the purpose of increasing labour's income result in real improvements to labour

over a long period? To some extent, when labour is first organized in a company and bargains for substantial pay increases, over the initial period there may be a real reduction in profit levels, in individual cases. But when a 'maturity' stage is reached—can profit levels still be reduced to any extent? There is reason to doubt whether real benefit would accrue to labour in our type of expanding free market economy.

Apart from productivity improvement, Canadian labour could only increase its real income by taking it from three sectors of the national income: expressed in DBS terms they are (1) corporate profits, (2) rent, interest and miscellaneous income, (3) net income of non-farm, unincorporated businesses. In an aggregate consideration, the individual on the Canadian labour force—6,609,000 employed in 1966—might gain little and could lose in the end by such a transfer of wealth.

1966 DBS income accounts show that the percentage distribution of national income before taxes was as follows:

<u>Distribution of National Income</u>	<u>1966</u>
1. Wages, Salaries, etc.	68.1% *
2. Corporate profits	12%
3. Rent, interest, etc.	9.1%
4. Net income - nonincorporated - non-farm	6.9%
5. Net income from farm operations	5.1%

Profit Distribution

DBS National Accounts show 1966 corporate profits distribution as follows:

* (-Net, national income to wages and salaries runs to nearly 80%, - "International Review of Income and Wealth, Dec./67, p. 292).

Income tax liabilities	\$2,190 million
Total dividends	1,723 "
Charitable contributions	44 "
Undistributed profits (retained within company for expansion, etc.)	<u>1,230</u> "
Total corporate profits	\$5,187 "

(The Economic Council of Canada has commented on the longer term figures.) 6/

If labour had increased its share in 1966 by reducing the dividend share of profits by, say, 15 per cent, on a national scale, this would have provided each of Canada's 6,609,000 work force with less than 2 cents per hour increase in pay. Productivity increases, on the other hand apparently lead to a general average increase in every year of about 3 per cent, or $7\frac{1}{2}$ cents on a basic wage of \$2.50 per hour which is close to the national average. (Removal of the employees of non-incorporated companies would not greatly alter the comparison.) In reducing the dividends paid out of profits, however, there are penalties which labour itself would probably have to pay which could result in some over-all loss.

First, if over-all dividend profits were significantly reduced, there would be a marked loss in incentive to make industry highly productive and a loss of incentive to provide capital for expanding and improving industry on which increased returns to both labour and management depend. If some other system were in effect some other forms of incentive would be needed to produce the results obtained under the present free market system. As yet, no modern society has proved that other forms will work more effectively on a national basis. Second, that part of dividends used for capital formation for industrial

productivity improvement would have to be replaced, perhaps by some form of capital formation through taxation which would fall upon the labour force as well as other sectors.

The role of reinvested profits in providing capital for productivity improvement is made clear by the Porter Commission Report on Canadian Banking (1967)—which indicated that from $\frac{1}{2}$ to $\frac{2}{3}$ of all the Canadian gross business financing which is primarily directed to new plant and equipment comes from a reinvestment of profits by industry. 7/

Wages, of course, cannot be isolated from other factors in the economy. What money will buy at any one time—and in the future—is the only measurement that matters; already wages and salaries have taken some 68.1 per cent of the national income in 1966.

Rent, Interest and Non-incorporated Income

If corporate profits are a poor source of achieving a larger share, what of item 3.—Rent, Interest, etc.: 9.1 per cent of the National Income; and item 4.—Net income—non-incorporated—non-farm: 6.9 per cent (DBS).

First, it should be noted that the amount is not large. It is also worth noting that the rent and interest component of income includes the imputed rent on owner-occupied houses, most of which belong to members of the working force. Second, the avenue to increasing labour's share at the expense of the shares represented by these two items, which covers income received from rentals and investments and from small stores, professional services and so on, is not through additional demands on

industry. Over-all additional demands on industry, for this purpose, and unrelated to possible and actual productivity improvement, would only result in adverse consequences for the economy as a whole. It would seem that other means of achieving a better balance in the distribution of wealth, such as through government taxation and by a direct sharing of income by labour in invested wealth through share ownership and other forms of property ownership need to be used to remedy intolerable disparities in income. It is expected that both area and special disparity aid programmes also will be needed.

In Summary

No attempt will be made in this paper to follow through the wage versus profit arguments with more carefully researched data. Present data indicate in a broad way that labour--on a national scale and in the average competitive company--can achieve far more in real returns through productivity improvement than through any other method.

The Economic Council of Canada, in its Third Annual Review, November 1966, wrote:

"...what we want...our ultimate recommendations will tend to promote, is a situation where the contest (bargaining) is mainly about real income and not about illusory money gains to be wafted away in the next updraft of the cost of living--a situation where the contestants (labour and management) play hard but are better aware than before of the effective limits of the playing field, which are set by productivity gains." (P. 61)

"Income differences between Canada and the United States were examined last year in our Second Annual Review. It was found that per capita income and hence the average standard of living in Canada was more than one quarter below the U.S. level...."

'Thus, the main explanation for the lower levels of Canadian incomes per employed person must lie in the differences in the quality of Canada's productive resources, and in the efficiency with which these productive resources are combined in the production process....' Economic Council of Canada, Second Annual Review, p. 61.

'...a great deal remains to be done, on a variety of fronts, before the Canadian economy as a whole can be expected to enjoy effective parity of average per capita income with the United States. A general attempt to bypass or leap-frog essential parts of the catching-up process would be bound to lead to an offsetting adjustment of some kind through the balance of external payments and the domestic price level. If one could imagine parity of money income for every Canadian citizen being decreed by Order in Council at ten o'clock in the morning, one could equally well imagine parity of real incomes being effectively repealed in the foreign exchange market before three o'clock the same afternoon.' (pp. 70-71)

Wages or Productivity First - One union argument that their prime effort should be confined to wage demands, etc., which forces management to improve productivity is met by the evidence that joint productivity/^{improvement} efforts lead to greater real gains as employees come to relate their goals and the company's and 'participate' more fully.

COST OF CONFLICT—A MUTUAL LOSS AND MUTUAL CONCERN

The cost to each side—and the economy—of industrial conflict in both financial and human terms, is certainly heavy, but hard to measure. To a loss of production time, profits and pay during a period of strike, must be added the cost of maintaining large numbers of people on both sides who are set aside in a plant to give their whole time to conflict problems at all levels. The greatest loss, however, is the productivity loss caused when employees are not truly "involved" in the production process.*

On top of this, the nation pays for time of the judicial system for arbitration and conflict. The fact is, too, that Canada has one of the highest lost-time averages due to strikes in the industrialized world. 8/

* (See Alcan case - Appendix).

The 'Free-Market'—A strong body of economic opinion in western countries holds that the 'free' market system is the most effective process yet known by which a society can develop its resources and by which, therefore, general living standards can be raised. The effectiveness of the 'free' market is then a matter of vital mutual concern to both labour and management. From labour's standpoint acceptance of the 'free' market depends upon the government/^{and industry} undertaking: (i) appropriate roles in helping to alleviate problems created by the free market, monopoly pricing, false advertising, displacement of persons through technological and market changes, etc., and (ii) effective maintenance of an adequate rate of economic growth through its monetary, fiscal and other policies.

(See pages 200-220)

The Capital or Money Market

Neither labour nor management can disregard their joint need for capital—readily available finances for expansion of industry and the cost of productivity improvement. Industry, we have seen, provides a considerable share of its own capital from reinvested profits. Except where funds may be developed from capital cost allowance ^{be} or available from shareholders (parent companies--etc.,--), industry must find the balance of its capital requirement in the money market, with some help from government in special circumstances such as settling an industry in a depressed area.

The cost of borrowing money and the continuing need to develop capital must be considered at the bargaining table as a matter of high importance to labour—just as it is to management—for real advances in living standards depend on it as an integral part of industrial advance.

To take any excessive share of industry's increasing wealth for wages or dividends without concern for both the need to maintain reasonable price levels and the requirements of capital—will, in time, be detrimental to both sides.

To assume that the government will provide all needed capital is to forget that raising such capital can only be done by taxation, and, since nearly 70 per cent of all national income now comes to employed persons, they would bear the increased taxation burden as discussed earlier.

Social Goals—A Limiting Factor

Canada's national goals of full employment, rising standards of living, etc., expressed in the Economic Council Act and in various other government acts and policies serve as a limiting factor on labour-management conflict or destructive individual actions inasmuch as the relationship of both parties is essentially subordinate to the achievement of these goals. If conflict between the parties or separate action seriously reduces the possibility or probability of achieving the goals, the government through acceptance of its role to achieve them must step in one way or another. It must, therefore, attempt to prevent, for example, any collusion which would result in restraint of trade or price fixing and excessive and widely harmful strike action or lock-outs, etc. The limited period of time permitted for a national rail or postal strike,

the enactment of a variety of restraining laws on monopolies, the new Nova Scotia Act regarding wildcat strikes, and British Columbia's compulsory arbitration law demonstrate this fact. Government action,

however, is neither uniform nor consistent in handling problems created by the labour and management relationship.

Democratic Processes

The 'right' to 'conflict' between labour and management must also be limited by the concern both sides ought to have for the effectiveness of the democratic process, by which citizens of a 'free' society maintain a measure of control over political power. Whereas the management climate is usually authoritarian, labour organization by tradition maintains democratic voting processes and both sides exercise their various rights within the larger democratic political framework of the state. There have been occasions such as that of a general strike or a general deterioration in relations between labour and management such as took place in Sweden prior to 1935 when the resulting chaos brought on the probability of dictatorial action by government and the removal of the 'rights' of the parties to a free use of the bargaining process. Historically, in the political sphere, anarchy and civic confusion of any kind have usually resulted in dictatorial action by the state.

Moral Limitations

(1) The Search for Peace

Man's ability to destroy himself has increased manyfold—to the point where the possibility of the destruction of civilization itself is all too real. Whereas man has developed his technology by leaps and bounds, his ability to work constructively with his fellow man has not grown to the same degree. The 'Resolution of Conflict' school claims that man has no greater challenge than that of learning to resolve the conflicts and tensions which lead to war and other forms of destructive violence. 2/

The problem of developing new or improved relationships and institutions to match the pace of change constitutes an important part of this challenge. Labour-management conflict is often a vehicle for increasing social tensions whereas in the light of the larger world problems this relationship ought to be providing answers to problems in a way which will encourage the development of solutions apart from raw conflict. Propaganda associated with strikes and in support of power positions on both sides tends to make an 'enemy'—real or imagined—of the other side, instead of a social partner in the production and sale of goods and services.

(ii) Ethical Considerations

For those who believe that there are God-given moral values inherent in life itself or have developed similar values through reasoning--the brotherhood of man is not limited to one's own class or group, union or race but is all-inclusive. Those factors which develop brotherhood—consideration for others--respect for human dignity—integrity of character—call for a greatly changed attitudinal approach in labour-management relations. Man does not, behavioural research agrees, "live by bread alone".

Valid Conflict in the Power Bargaining Relationship

Although it is argued that mutual goals are more important than areas of actual conflict between labour and management, it does not follow that a balanced power relationship between labour and management has no place in modern industry.

Historically, numerous companies for paternalistic or moral reasons, or in order to achieve high employee morale have provided their

employees with high wages, good working conditions and employment security (e.g., Dofaco in Hamilton). Some economists also suggest that modern high wages stem instead from the economic laws of supply and demand and would have come about of their own accord as industrial expansion accelerated. ("Vista of American Labor", Voice of America Forum Lectures, 1966, pp. 317-329)

Union leaders claim, however, that most individual firms pay high wages either as a result of direct union organization and bargaining, or because of the threat of unionization or the pressure of union wages in other industries. Therefore it is argued, unions cannot afford to drop any of their hard-earned power, lest management should again fail to provide labour with appropriate security and a proper share of developed wealth.

1. Acceptable Bargaining Areas

Accepting the need for employee organization and union power, what are the areas of conflict or actual power bargaining which remain in spite of the postulated primacy of mutual interest?

- (1) conflict bargaining remains over exactly how much of an industry's increased wealth will be given to labour at each specific bargaining period unless an acceptable formula has been developed. Here again, economic realities control the amount given regardless of bargaining, since all the factors of unprofitability and inflationary pressures will work against both parties if the abilities of a company and the economy to pay are not considered.

- (ii) Bargaining and power pressures remain over specific management or labour failure to follow out provisions of the contract by use of grievance and other procedures provided by the contract and by law.
- (iii) Bargaining also has a role when new problems cause harm or undue stress to employees or to the company if they have not been handled by consultation methods or through adequate foresight.

2. 'Natural' Conflict

(a) Ordinary Association

No matter how great the 'Common Interest', the facts of history and the story of everyday human association demonstrate that each human relationship, either between individuals or between groups, has within it a potential for conflict. Some of the bitterest feuds have taken place between brothers of a family, among union leaders and within company executive ranks. Such conflict is 'natural' to human relationships, its causes are many, involving the very nature of man and his response to the words, deeds and emotions of other men and his response to his own desires and ambitions. The point of this paper and ^{of} much behavioural research is to find ways and means of reducing or eliminating 'natural' conflict as well as 'manufactured' and uneconomic conflict.

(b) Organizational Structures

The structures of organizations also can promote conflict, perhaps best exemplified in the structural relationship between

unions and companies. The historical drive of unions to organize against management—and of management to struggle against giving up prerogatives to manage, coupled with the nature of bargaining procedures where demands and counter offers are backed by the potential weapons of strike or lockout, quite naturally tend to produce a climate of antagonism and conflict. It is readily understandable why broadly antagonistic relationships have developed between labour organizations and the management of industry. Certain union theorists suggest, in fact, that only by 'attacking' management can labour hope to maintain union solidarity and power. Conversely, some management apologists suggest that the only feasible position for management is "won't budge" to employee requests except under severe pressure during the bargaining process—a "Give as little as you must" philosophy.

(c) Group Loyalties

Groupings of men with a 'cause' also tend to create intense internal loyalties and frequently superior or antagonistic attitudes to other groups with whom they are in contact or conflict. This is especially true of labour and management groups.

(d) Managers and Managed

The relationship of managers to 'managed'--boss to employees, foremen to men—in any plant or office normally contains a potential for conflict. Also sales and production organizations for example can be in conflict within a company, to everyone's disadvantage.

(e) Outside Influences, National Organization, Press, Education and Government

Outside influences sometimes cause or intensify conflict between labour and management. Pressures can generate from larger union structures, or management associations, or from government policies. Pressures generated by press, radio and T.V. programming, or educational institutions which encourage fears or incite demands, or inflame situations by the manner in which facts and events are handled must also be considered when evaluating the causes of conflict. For example, a strike in one situation resulting in a high settlement is instantly known across Canada and will help to create a 'strike' climate for similar settlements elsewhere. Conversely, a well-publicized modest settlement in a large industry or economic decline, may encourage management to hold other settlements within the same range. Unfortunately, however, the ordinary settlements receive little press coverage.

Generation Gap

Other factors which can and do contribute to 'conflict' include the 'generation gap' philosophy now widely expressed in the reaction of one sector of youth to present day institutions. Younger members of labour, imbued with this thinking, push to change policies in a more radical or conflict direction. They suggest that they are at war with the very nature of our 'sick' society, including its economy. (See section on Perception, pages 196-212) Young labour also wants more immediate money in negotiations, older members more security, pensions, etc. - a cause of conflict.

Appropriate Confrontation

There is an area of 'acceptable' conflict when two persons or groups with differing ideas or goals, or in healthy competition confront each other especially in the early stages. The college 'bull' session and many kinds of negotiations including labour-management bargaining illustrates the fact that heated confrontation may be expected and can be healthy when it serves to bring out the real strength of feelings and other important facts, provided it happens within a framework where the aim is 'problem solving' towards finding and achieving broadly accepted goals, and not merely a 'winner take all' atmosphere.

Some Conclusions

The role of this paper is not, however, to exhaust the various causes of conflict nor to measure carefully their separate contributions to conflict development.

It is rather to suggest that because of the vastly superior area of mutual interest, both management and labour ought to turn their attention to the development of mutual interest and to reducing the conflict orientation of current labour-management relations. For labour this would mean a move to join fully with management in a programme of productivity improvement and general company effectiveness—with employee safeguards and an understanding on sharing gains between the company, capital, employees and the public.

Conversely, management and capital are challenged by the fact that in an open and educated society, unemployment on a significant scale can no longer be acceptable to a government—if it is to remain in power—and the rise in expectations of all groups will result in pressures for higher incomes. The maintenance of the present highly efficient system will depend upon the satisfaction, as far as possible, of rising expectations. At the same time mass production industry is dependent upon a high rate of demand—i.e., the high buying power of the work force and the general public and therefore reasonably high wages.

Integrating Goals

Allied to the question of establishing the primacy of mutual goals is the concept of 'Integration of Goals' put forward by the

behavioural writers. To this idea some writers add the ideas of 'reciprocity' and 'synergy'.

McGregor speaks of the principle of 'Integration of Goals', through which members of an organization can "best achieve their own intrinsic (satisfaction) as well as monetary goals by directing their efforts toward the achievement of the goals of the enterprise in which they share".

F.T. Jehring, 10/ adopts the concept of the development of social systems of "high synergy", put forward by Ruth Benedict 11/ and expanded by Professor A. Maslow, to profit-sharing programmes.

Maslow defines synergy in this way: "Societies where non-aggression is conspicuous have social orders in which the individual by the same act and at the same time serves his own advantage and that of the group." These societies have high synergy in which the social institutions are set up so as to transcend the polarity between selfishness and unselfishness, between self-interest and altruism, in which the person who is simply being selfish necessarily benefits other people and in which the person who tries to be beneficial necessarily reaps rewards himself." 12/

Reciprocity--a term used by a number of behavioural writers, takes place when one person or a group give something to the other person or group which is desired or demanded in order to achieve as much as possible of their own goal: e.g., a worker expects high pay, but is prepared to fit in with company rules and do the prescribed work, etc.

Various methods of integrating goals have been tried, often with success. Profit and production sharing plans produced at the bargaining table or designed by management reach out to equate the economic goals of labour and management (see pages *172-175*) Group consultation, participation and other methods attempt to produce a common work achievement goal between workmen and their supervisors (see pages

The following sections of this paper will be concerned with methods of communicating and gaining acceptance of mutual goals as well as methods of integrating the separate goals of labour and management and the individuals involved.

REFERENCES

- 1/ Blake, Mouton and Sloma, Ibid.
- 2/ "Labour Policy and Labour Economics in Canada", Woods and Ostry.
- 3/ Craig and Waisglass, "Collective Bargaining Perspectives", Federal Department of Labour, presented to the Fifth Annual Conference, Industrial Relations Institute, June 12, 1968.
- 4/ Economic Council of Canada, Third Annual Review, November 1966, pp. 67-68.
- 5/ H.D. Woods, Sylvia Ostry, "Labour Policy and Labour Economics in Canada", Macmillan, Toronto, 1962.

Page 461 - "There is a substantial body of academic opinion which asserts that unionism has had little or no effect on wages. Ozanne's Review, op. cit., p. 1778)...the view that unions cannot raise wages runs counter to commonsense appraisal. If unions cannot raise wages, then why all the fuss? Why the hard bargaining, the bitter strikes, the legislation...? The suggestion (that) the bargaining process is nothing more than a ritual...is difficult to believe...."

Page 466 - "On balance, it does suggest that unions in Canada have had some success in securing a wage advantage for their members and thus, by inference, have effected interindustry structure and probably other aspects of relative wages."

Page 467 - Conclusion, "In the short run, then, the demand for labour proved to be a significant determinant of wage changes among industries, suggesting that the Canadian labour market is a fairly competitive one. However, the role of institutional forces—company policy and union pressures—while probably not as strong as that of market factors, was not without weight as a determinant of relative industrial wages in Canada in recent years."

- 6/ Economic Council of Canada, Third Annual Review, November 1966 (a study of the periods 1926-29, 1950-53, 1962-65).

Page 136 - "Labour and capital shares of income have been relatively constant in the longer run. (Chart 3-3, p. 70.) ...return to paid employment and on capital investment, as shares of total income, appear to have undergone some increase between the late 1920's and the 1960's as a result of structural shifts...."

"...declining relative importance of self-employment in agriculture and non-farm unincorporated business...."

"Remuneration to paid employees (wages, salaries and supplements) as a share of national income has risen from just under 60 per cent in the late 1920's to just under 70 per cent in the 1960's...."

6/ con't

Page 137 - "Over the same period, corporate profits before tax have increased from 11 per cent of the national income to 13 per cent. On an after-tax basis, they have fallen from 10 per cent to 7 per cent...." (See chart p. 137.)

7/ Porter Commission Report on Canadian Banking, p. 33.

8/ British Ministry of Labour Gazette, November 1967, p. 880. From ILO statistics—the average number of days lost per 1,000 persons employed due to strikes from 1957 to 1966 in the mining, manufacturing, construction and transport industries:

Italy	- 1,031	France	- 291
United States	- 979	Finland	- 293
Ireland	- 765	United Kingdom	- 291
<u>Canada</u>	- 680	Norway	- 119
India	- 625	New Zealand	- 110
Belgium	- 408	Netherlands	- 38
Denmark	- 405	West Germany	- 30
Japan	- 360	Sweden	- 18
Australia	- 5	Switzerland	- 5

9/ Carl R. Rogers, "Dealing with Psychological Tensions", Journal of Applied Behavioural Science, January, February, March 1965, pp. 6, 7 and 8.

10/ "Utilization of a Total Systems Approach", F.T. Jehring, Center for Productivity Motivation, School of Business, University of Wisconsin.

11/ "Patterns of Culture", Ruth Benedict, Houghton Mifflin, Boston, 1934.

12/ "Synergy in the Society and in the Individual", A.H. Maslow, Journal of Individual Psychology, Volume 20, November 1964, p. 153 (from Jehring).

13/ Robert Brookings, as far back as 1925 wrote that "the problem of continued improvement in living conditions of the workers is not a problem of redistribution of present production, but a problem of increased production per capita--as we cannot distribute more than we produce", from "Industrial Ownership", The MacMillan Co., N.Y. 1925, p. 78. The report of the Council of Economic Advisors to the United States President makes the point in both 1967 and 1968, "the only valid and non-inflationary standard for wage advances is the productivity principle. If price stability is eventually to be restored and maintained in a high employment U.S. economy, wage settlements must once again conform to that standard".

The 1968 Report goes on to condemn poorly operated, inefficient companies as a further source of inflationary bias since they offer "unexploited opportunities for significant cost reductions".

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
<u>PARTICIPATION</u>	114
Managerial Theory	115
"Reality Oriented Leadership"—The Current Trend	115
'Participative Management'	116
Laboratory Solutions	119
Insights Gained	122
Research and Specialist Oriented Approaches	126
<u>Joint Consultation—Committees and Other Programmes</u>	128
U.S. and European Developments	129
Canadian Cases	130
Origins of Canadian Committees	132
<u>Structures of Joint Consultation</u>	133
a) Regular Scheduled Joint Committees	133
b) Problem Solving or Special Informational Meetings	133
c) Joint Study Teams and Research	134
d) Multi Union-Company Committees	135
e) Departmental Joint Committees	136
f) Inter-plant Committees	136
g) Tripartite Committees	136
Representation on Joint Committees	138
Terms of Reference and Subject Matters	139
The Problem of <u>Power</u> in Joint Consultations	142
Usurping Supervisory Functions	144
Subject Matters for Joint Discussions	145
Attitudinal Factors	148
Time and Persistence Required	149
Frequency of Formal Joint Consultations	151

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

Contents

PARTICIPATION (CON'T)

Page

Joint Consultation--Committees and Other Programmes (Con't)

Communications and Joint Consultation	152
Daily and Informal Consultations	152
Grievance Reduction	153
International Harvester Company Case	154
Bargaining Aspect	155
Establishment of Mutual Goals	157
Worker Satisfaction--The Management Role	158
Face-to-Face Relationships	162
Management Acts	162
Group Meetings	163
Goal Setting	163
Job Enlargement	163
Suggestion Systems	164
Managerial Responsibilities in Joint Consultation	166
Progressive Leadership	166
Attitudinal Climate	167
Contract Legalism	167
Organization and Handling of Internal Management	168
Foreman Selection and Training	169
Good Management	170
Additional Guidelines	170
Monetary 'Participation', Profit and Productivity Sharing	172
Acceptance of Productivity Goal	172
Cyclical Disadvantages of Present System	172
Canadian Agreement	174

PARTICIPATION

Participation of employees and union officials with management in a variety of decision making and discussion processes has been established by behavioural and communications research, by a developing managerial science and by a considerable number of observed cases to be a primary means of removing or reducing conflict and creating teamwork between groups--including the confrontations in union management and labour management relations.

It must be noted at the beginning that Participation and Communication processes are intimately interrelated. Much of the material covered under the one subject could be included under the other. The separation of the processes in these cases is done for editorial convenience.

Managerial Theory

Some aspects of managerial theory have important implications for labour-management relations since theory and the consequent actions of management draw a response both from union officers and from employees on the job. Theory also helps form the general 'Climate' in which relationships develop—or deteriorate and aims at 'team' building.

"Reality Oriented Leadership"—The Current Trend

The 'Hawthorne Experiments' initiated the acceptance of organizations as social institutions. The trend moved in the direction of 'people centered leadership' represented by the recent period of stress on 'human relations', 'participative management', etc., or 'democratisation of leadership'.

As Pfiffner and Sherwood,^{1/*} professors of public administration, University of Southern California contend, experience and additional research have shown up a number of weaknesses²³ in a total democratic leadership concept. The trend of the moment is towards a compromise position identified by Chris Argyres as "Reality Oriented Leadership",^{2/}

It was found in some studies that excessive 'democratic leadership' in a work situation could result in loss of production and lowering of morale. ^{3/} Whereas there is no serious consideration of returning to wholly autocratic leadership concepts of the pre-Hawthorne days, students have sought out a middle ground concept which will bring into play the best values of leadership skills coupled with the powerful contributions which can come only from the voluntary response of

*Footnotes for this section, see p. 137.

individuals and the group itself under the leader. The latter includes emotional response, ideas and the will to act of subordinates which develops in the 'open climate' atmosphere noted earlier.

'Participative Management'

Under the title 'Participative Management' some of the most extensive managerial research has been undertaken. Pfiffner and Sherwood described the developments of modern managerial concepts in the light of behavioural research which have demonstrated that "legalism as the basis for order-giving in the old straight-line authority sense is one of the least successful ways of getting maximum effort from people. 4/ Organizational environment, they agree with Seashore, must be such as to "foster positive support". Research further indicates that people are not only concerned about the satisfaction of their goals but are deeply worried about the processes by which decisions are taken. 5/

Rensis Likert, University of Michigan, has pioneered the theory of "participative management" in which employees share with management in decision-making with results of improved performance and greatly improved job satisfaction. (Note "System 4" in "Human Organisation")

The classic experiment of the Michigan group known as the "Wet Weather Drop" was conducted with repair crews at the Michigan Bell Telephone Company. When the cover on a telephone line develops a crack, rain will cause short circuiting and line noises. These are hard to find since they only show up during a rain storm. Repair crews experienced great difficulty finding them, and resented this particular task. It was proving a costly problem.

Following Likert's theories, the crews were asked to join in with their supervisors in solving the problem. A free and creative atmosphere was stimulated in the discussions which followed and, in time, the crew men began to talk about the real problems bothering them--many of which related to other factors such as bad distribution of overtime work.

As these were talked out and resolved, minds turned to the "Wet Weather Drop" problem and the crews themselves worked out methods which, in a short period of time, resulted in significantly improved performance in both finding and repairing the breaks, reducing costs, and, significantly, improving job satisfaction. The crews became self-motivated towards solving the problem.

In the case of Casavant Frere, Quebec organ makers 6/ hourly rate union members joined fully with management teams to plan the modernization of the production operation, a highly successful operation. In a number of Simpson's Sears store locations, department managers and employees regularly meet to discuss operational problems. In many other Canadian cases examined, companies brought new production plans to union officers—or employers in the areas affected for discussion in order to add feasible employer ideas to the plans as well as achieve better acceptance. More than forty Canadian companies and unions were examined with some form of consultation programme on the subject of employee adjustment in the face of planned changes.7/ (Northern Electric has recently demonstrated the validity of these theories in its Ottawa, ADC plant.15/ and in employee participation in production problem solving under a new program of joint labour-management Work's Councils, based on the Swedish experience. Also note Alcan case - see Appendix).

Rosenfeld and N.J. Smith, Union College, N.Y. 8/ shows that "real" participation is essential and that excessive participation

after the decision is fully completed, won't work. A balance is needed. "From a behavioural position, it is difficult for a participant to be unresponsive to a plan which he has helped create. The employee wants it to succeed, because it involves him and his own personal self-esteem. Through the principle of active participation, today's enterprise can better align the needs and aspirations of its employees with those of the company."

Pfiffner and Sherwood agree with Simon and March 9/ that participation in decision making becomes more critical under two circumstances (p. 35): (a) where there is mutual dependence on a limited resource and everyone has to share it, and (b) where there is interdependence in the timing of activities. The real concern of both labour and management for the success of the enterprise brings them under these categories. They also point out Rensis Likert's concern: "In the future, emphasis on short term production will cause even greater hostility... the trend (will be) to giving individuals more freedom and initiative... people (are) less willing to accept pressures and close supervision than a decade ago". 10/ Case studies will also show the significance of 'participation' in discussions and decision making wherever joint consultation between labour and management has been effective. Properly handled, it contributes to two aspects of industrial or office work which are important to both sides: (a) the improvement of productivity, and (b) the increasing satisfaction and enjoyment of work—both of which have a bearing on bargaining and pressures within the union group.

Likert, in "The Human Organisation" and other studies refers to the increasing research data which demonstrates that managements which adapt a more participative or "System 4" style bring about significant improvements in a company's relationship with employees and unions; grievances, turnover, absenteeism etc. are reduced and problem solving increased in place of conflict.

From management's standpoint there are numerous problems associated with participative management: it takes extra time; decisions frequently must be made in a hurry; extensive education and experience may be required in order to understand both the problems and the possible answers intelligently and decision-making must therefore be confined to the 'capable' persons; the drawing in of people apart from the hierarchy into discussions may cut into the responsibility of the 'line of command' and reduce its effectiveness.

These are valid problems and require consideration in any more thorough study of participative management. In essence, labour does not appear to want to be involved in managerial decisions beyond their competence. They feel 'included' if they are kept informed of what is happening and why, in these circumstances. Exceptions occur when manpower is affected. Various ways of dealing with the problem of managerial authority will be considered in later sections.

Laboratory Solutions

A number of successful experiments have been conducted making open and full use of behavioural knowledge. Their purpose is to reduce hostility between management and union officers, improve communications and unite both sides in a commitment to common goals—which are mutually advantageous. Most are predicated on the use of a trained behavioural specialist as a third-party for consulting, training and/or discussion guidance.

Blake and Mouton's work in resolving conflicts between groups and creating a team approach brings them to two broad possible methods:

1. Reducing negative stereotypes by "eliminating the boundaries which separate people into groups".
2. A more realistic procedure for labour and management conflict recognizes the inevitability of people being segregated into functional groups "and seeks ways in which to protect group identification and membership and yet promote inter-group co-operation".

They conclude that co-operation in labour-management relations while maintaining the legitimate group boundaries is possible where there are both common and distinctive problems to resolve.

Blake, Mouton and Sloma describe four successful test cases 11/ where difficult conflict relations were turned into effective, mutually advantageous, problem solving relations.

With variations, the following general pattern was pursued.

1. Agreement to Participate—Management agreed to try out the 'Laboratory' system and the union's committees agreed to join--both somewhat dubious of the outcome—at researcher's request.
2. Separate Orientation Meetings—A behavioural scientist-counsellor explained carefully the nature of both the win-lose and collaboration approaches and the possible advantages and disadvantages. Each side, in a permissive 'T' group type of session, first discussed the pros and cons of these methods, then set itself the task of examining its own image and its image of the other party with assistance from the counsellor. The possibilities of collaboration were then more carefully examined.

5. Joint Meetings—Under the guidance of a counsellor, both groups then met together again in a permissive climate, but directed by the leader to discuss together their images of themselves, and of each other. Sometimes this was done by a representative of each group summarizing the findings of his group.

From these discussions, each side developed a more accurate assessment of the other group and the persons in it, and a much more sympathetic appreciation of the problems of the opposite side. Mistrust was significantly reduced.

Both sides then move under this improved 'climate' to discuss, openly, specific problems in the plant and in their relationship.

With a greater openness of mind on both sides--Blake and Mouton report that important improvement in attitude took place which resulted in improved relations in the plant where conflict was once normal--while speedier, more effective and more acceptable solutions to problems and grievances resulted.

An after-laboratory analysis of the case cited in "Corporate Excellence, etc., by Blake and Mouton (incidentally/ ^{the case of} a Canadian company and union) provided the following attitudinal change results. (Page 175-199.) //

INSIGHTS GAINED

BY MANAGEMENT

Learned union officers' behaviour stemmed more from basic concerns of those whom they represented than from political or ideological considerations.

Saw responsibility to provide union with information if the union were to take a realistic and objective approach to problems of the company.

Came to see the depths of the problems the company had created for itself by not developing strong effective lower levels of supervision not only in its union relationships but also in the quality with which the company is operating its business activities.

Saw greater concern for costs and operations by union officers than previously recognized and were embarrassed in the extent to which these concerns were not evident among supervisors.

Came to recognize that a sound problem-solving relationship is very demanding of time and skill.

BY THE UNION

Achieved greater openness and respect toward management even though less than full and complete.

Came to see that the two specific problems of management foot dragging which were causing a deterioration in relationships with management were symptomatic of underlying causes involving attitudes which management must overcome.

Recognized that management was prepared to take action to strengthen supervisory effectiveness.

Recognized that management was genuinely concerned with problems they had been creating for the union.

Came to see longer range implications for problem solving that could emerge from "Phase 3" rather than seeing the session as one for "fire-fighting".

Psychologist G.A. Meunch 12/ conducted a personal, empathetic interview survey of attitudes of labour and management representatives in a conflict ridden plant (see pages 197-200) He was able to use a series of meetings with each side—with both representative individuals and groups, separately and together—to bring about significant improvements in communications so that "not a single strike has occurred in the six years since the new programme has been inaugurated--and grievances have been reduced by 80 per cent".

Meunch began to resolve the grave distortions in concept which each side had of the other, first: by providing a model of empathetic listening in the interviews with individual and groups on each side, then by training both union and management representatives in this attitude; next, by reducing the mistrust and distorted perceptions through the better communications which emerged. Joint sessions with representatives of each side were then undertaken to resolve problems—in this new attitude.

On another level, but with a similar design, the Joint Residential Labour Management Seminar held at Menaki Lodge, Ontario, in 1963 by senior representatives of Labour and Management in Manitoba under the direction of experts in industrial relations and economics paved the way for the formation of a still highly effective joint provincial labour management consultative committee. Similarly, the 2nd National Labour Management Conference held in 1962 at Halifax, N.S. is credited with helping create a climate among Nova Scotia management and labour representatives looking to the formation of the successful Nova Scotia Joint Labour Management Committee.

The evidence, to date, suggests that management, in association with their unions whenever possible would be well advised to seek out experienced behavioural counselling when considering new approaches in this field—providing the expert has an 'understanding' of the basic problems of labour and union-management relationships.

Laboratory type experiments with expert outside help usually have come about on the request of a research group seeking to validate theories or has been sought^{by companies} in cases of severe and continuing conflict which endangered the interests of both parties, who recognized their inability to deal with the problem.

Sometimes, officers of the United States Conciliation Service, or, in Canada, government conciliation officers^{of} Department of Manpower or Department of Labour officers—federal and provincial—have been able to institute studies or joint discussions leading to improved communications and attitudes^{to} form a problem-solving relationship.

The United States Conciliation Service also reports considerable success with a quickly expanding, new training programme conducted by their field officers with labour and management representatives at the plant level. Foremen, stewards, and officers at higher levels are trained in grievance handling and communications from a problem-solving approach. Group discussions and audio-visual aids are commonly used. (Note U.S. cases, Appendix).

Many management and union leaders, however, are reluctant to use a behavioural specialist or a psychologist to aid directly in resolving conflict. The Canadian Laboratory Case cited on page 121,

although it resulted in improved working relations between the company and the union, has not been repeated. The union wished to continue the joint discussions but not on the attitudinally structured basis, guided by an outside behavioural consultant.

There appears to be a much wider preference for forms of joint consultation conducted without special assistance or training—although this may only represent a lack of knowledge or appreciation of the benefits of specialist assistance.

RESEARCH AND SPECIALIST ORIENTED APPROACHES

Research programmes designed to investigate manpower change problems at plant and industry level promoted and financed by the Federal Manpower Department's Consultative Service came into this category as do a number of study committees set up to look into particular subjects at the request of joint committees or bargaining groups. In the Manpower Department programme a specialist is called in to conduct a survey and make recommendations. In the United States, research oriented joint committees have aided the meat packing and other industries. The basic work of the Council is prepared by experts in economic or other fields, and is then presented to the responsible parties for approval.

The procedure has validity for special kinds of problems, but where the problems really stem from basic antagonism, poor communication, and poor perception, say, between labour and management or from leadership rigidity caused by these snags at lesser levels, the procedure of leaving the primary task to outside or even inside specialists can result in failure to achieve a workable agreement, or failure to move on basic problems.

The Human Relations Committee of the United States Steel Industry ran into stormy waters when the specialists took over the policy-making role—leaving the union power-brokers without real participation.

Several Manpower Research projects have provided solutions in a number of industrial manpower adjustment situations. The most effective ones which have been observed in this survey were at the Nova Scotia C.N.W. Ferry Service and at the Manitoba Rolling Mills. In the Ferry Service

case, Labour and Management set up a working joint committee of senior representatives on both sides to study anticipated manpower problems when a modernized ferry and cargo handling service came into being. The Committee, once agreed upon some of the basic issues, invited a specialist to prepare a study of some important aspects of the problem within their terms of reference, the study to be submitted to the joint committee when completed for consideration.

Here the primary relationship was given priority—allowing full freedom for both sides to deal with all issues, fears, information, etc.,—while the work of the outside specialist was complementary. Equally important, attention was given to the workmen's concerns by a thorough interviewing programme, to make certain that the entire plan, especially the steps to be taken to take care of any men displaced, was fully appreciated.

Third Party Role: A mediation, conciliation, or fact finding committee in a labour dispute are, to some extent, analogous to a research committee in as much as information of importance to a possible settlement is often gathered by these neutral parties when endeavouring to find a solution acceptable to both sides.

JOINT CONSULTATION--COMMITTEES AND OTHER PROGRAMMES

By far the largest number of 'Participation' programmes studied in Canada or/^{apparently} recorded consist of various forms of joint committees or joint consultation. The following is an updating of a report prepared by the author for the Economic Council's 1966 National Conference on Labour Relations.

Introduction

Little is known about a growing number of successful Canadian joint labour-management consultation programmes which have dealt with many kinds of problems with special emphasis on the problems of manpower adjustment caused by industrial change. On the other hand, their U.S. counterparts have had extensive coverage in current literature.

The Human Relations Committee of the United States steel industry, the Armour Company Joint Committee, and other U.S. attempts to improve the bargaining process have been the subject of intensive study and discussion. Virtually no Canadian literature has dealt with the Human Relations Committee of Vancouver's Pacific Press, for example, or the highly effective joint consultation programmes at the Casavant Freres, Labatt's Breweries and the Bowaters Mersey Companies. Nor have the consulting processes at Imperial Oil or the joint councils in Ontario's Hydro-Electric Power Commission been sufficiently studied, along with many other consultation processes highly valued by both labour and management participants.

There is increasing recognition in Canada that the pace and speed of change calls for joint discussion of the ways and means by which the human problems created by industrial change can be solved. A number of Canadian collective agreements negotiated during the past four years call for special joint committees to study the effects of automation.

U.S. and European Developments

The United States Conciliation Service reports that joint committees recorded in conciliation proceedings have grown from a total of 202 in 1962 to 1,073 in 1967, a more than 400 per cent increase in 5 years. Recent reports from government, industry and labour organizations in Great Britain indicate that an attempt is underway to extend regular bargaining sessions to a form of joint consultation on non-negotiable or near-negotiable items, accompanied by a move to strengthen existing works councils with union bargaining executives and more senior management representatives for the same purpose. Works Councils and other institutions on which workers are represented have experienced varying success in a number of other Western European countries for a great many years.

Three types of joint committees have been broadly identified in U.S. conciliation reports: (1) Labour-Management Consultation and Study Committees active during the lifetime of the collective agreement and designed to deal with problems which arise during this period, (2) Joint Pre-Negotiation Conferences held sometimes three or four months ahead of contract negotiations for the purpose of clarifying issues before actual negotiations begin, (3) Post Negotiations Committees

where matters which could not be settled in negotiations, due to the complexities involved, are left to be decided by a joint committee after formal negotiations have been completed.

Canadian Cases

(See Appendix)

Since manpower adjustment was the central subject of the 1966 Labour Management Conference of the Economic Council of Canada , this research project consisted of a search for Canadian companies and unions from coast to coast where manpower adjustment programmes had been developed on a joint basis and were effectively at work.

In the process it became apparent that, in most instances where satisfactory programmes were underway, a high degree of consultation between union and company representatives existed, usually in some form of regular or special committee.

Thirty of the cases examined in the year prior to the conference were written up and the text agreed upon by representatives of each side, where a union was present.

Since that time the writer has maintained contact with each of the situations and in almost all cases the values derived from the joint consultation programmes have remained—although some have experienced ups and downs which tend to prove out some of the basic behavioural and communications research findings as we shall see. A few of the cases deal with a specific changeover or special problem and are only concerned with the time period surrounding the resolution of the problem. All are valid for the period covered.

All of the cases described can be classified as instances where both company and union have agreed that joint consultation operations have been "successful", in the sense that both sides found them of significant value in helping them to pursue their separate and joint responsibilities. It must be noted, however, that many Canadian firms and unions have not continued with joint committees which were set up in earlier years on the wartime pattern, or / ^{continued them on a limited basis of value, primarily} for the implementation of a safety programme. A questionnaire survey conducted by Professor Don Wood of Queen's University in preparation for the Economic Council's first National Conference on Labour Relations 1964 indicated that a considerable percentage of the formal joint committees reported by the Department of Labour were dealing only with minor subject matters (in terms of the fundamental relationship of labour and management) or functioned only occasionally, if at all.

The purpose of this study was to examine committees that were functioning effectively in terms of the fundamental company-union-employee issues to ascertain common elements in the 'success' of 'effective' committees and to examine their structure and activities in the light of behavioural and communications knowledge.

Most of the material ~~is~~ a result of interviews with labour and management representatives involved in each case. In some instances it was possible to meet with union or management groups or with the joint committee. Useful information also came from the writer's involvement with a number of national and provincial labour-management conferences and a close contact which has been maintained with most of the provincial labour-management councils.

A problem of proper comparison arises because of the individual nature of the committees. In most cases the joint committee arose or developed in a form related to the special issues at each particular plant, although there is now a growing tendency to move in this direction as a result of new behavioural managerial theories.

The United States Conciliation Service reports the same difficulty in attempting to develop reliable statistics to indicate the clear results of its growing number of joint committees, without undertaking enormously expensive analysis.

Nevertheless, the similarities which find explanation in behavioural and communications research and are confirmed in a number of other well researched case studies are impressive. These observations are also in conformity with the author's own plant industrial experience in communication and industrial relations work.

Additional supporting information has been gathered from a major British study of Joint Consultation 13/ from the writings of P. Malles 14/ on European joint in-plant committees and a certain number of other studies, including that of a lengthy, successful English experiment. 26/

The observations are listed, following a brief historical note, as follows:

Origins of Canadian Committees

Origins—The origins of Canada's joint labour-management committees vary. A number of the committees examined grew out of the work of the Labour-Management Consultation Branch (formerly the Labour-

Management Co-Operation Service) of the Federal Department of Labour, a few extending back to the wartime period when joint production committees were initiated from coast to coast. In other cases, the joint committees were instigated by managements which considered joint consultation to be a progressive managerial approach, while some committees developed from union demands during negotiations or were influenced by the success of the well publicized American joint committees.

Structures of Joint Consultation (See Appendix for specific cases.)

- (a) Regular Scheduled Joint Committees—The majority of the joint committees surveyed are composed of senior plant and union officials and meet on a regular basis, usually monthly, during the lifetime of the agreement. They discuss any and all subjects of interest to either side. Contractual and bargaining items are usually excluded.

A number of committees also meet on a quarterly basis such as the Mutual Interest Board at the Bowaters Mersey Company in Nova Scotia where the president presides, and the Quarterly Review Board of the Alberta Government Telephones at which broad aspects of the company's operation are freely discussed.
- (b) Problem Solving or Special Informational Meetings—The various joint committees recently established to study the affects of automation come under this category, as do management approaches to the regular union committee or groups of employees for the sole purpose of considering special problems or for conveying particular information. For example, the manpower programme

for the 1966 closure of the Imperial Tobacco Company Hamilton plant and the shifting of production to Guelph was worked out in detail by a special joint tobacco union-company committee on automation set up in the last contract negotiations.

More commonly, after due notification of the union, management first prepares a general or a detailed programme of change, and joint meetings are designed to inform the union in advance of the nature of the change and to give them, and sometimes employee groups, a chance to discuss the programme, to make suggestions and to point out potential problems.

- (c) Joint Study Teams and Research—Various methods are used. At Philips Electronics Industries in Toronto the regular union and company bargaining officials became a "study committee" to plan manpower changes associated with the closure of part of the manufacturing process. In the recent CNR London Shop closure, a Joint Steering Committee was established under which a special joint "study team" developed detailed plans and recommendations for the larger committee. (See Appendix)
- The Federal Manpower Consultative Service has promoted and financed special research on manpower problems in three of the cases which have been surveyed for this study, (1) for the company and the unions at both the Windsor Mills and Port Neuf, Quebec, plants of Domtar, (2) for a joint committee at Manitoba Rolling Mills and (3) for a joint CNR Longshoreman's Union Committee at North Sydney, N.S., in connection with the change-over of the ferry service to Newfoundland.

Major manpower adjustments programmes which resulted in the latter two cases were undertaken in a highly effective way with full consultation and co-operation between unions and companies.

- (d) Multi Union-Company Committees—Two instances are noted where a company with more than one union has set up a multi union-company consultation arrangement. In 1962 Domtar invited heads of the twenty-four national unions represented in the company to meet under a neutral chairman with senior officers of the company to discuss manpower and other problems arising from the consolidation and modernization of a number of their nearly 100 plants. Meetings have continued on a yearly basis followed by multi union-company study committees.

In 1951 a joint council of all of the construction unions that would be associated with the building of the huge Ontario Hydro Sir Adam Beck Power Project at Niagara Falls was formed to act as a bargaining agent for the group. Pre-construction discussion with Hydro officials led to regular monthly meetings of the top level multi-union groups and the company and to the establishment of multi-union labour-management committees at every division of the project. Manpower adjustment and other problems were considered by these various committees. Success at Niagara Falls resulted in the establishment of similar patterns of multi-union committees in all subsequent Ontario Hydro construction operations, on the current British Columbia Hydro Peace and Columbia River power projects and on all Chalk River construction, among many other projects including the current Nelson River Dam, Manitoba.

- (e) Departmental Joint Committees—Joint committees in each department of a plant supplement a joint committee for the whole plant in the case of Labatt's Breweries, London, Ontario. Problems which can be solved within the department are considered while matters which cannot be dealt with at this level are passed on to the plant-wide committee.
- In another plant, a company meets in separate committees with two different unions.
- (f) Inter-plant Committees—One Quebec firm, the Price Company Limited, has agreed in its latest contract to set up a joint labour-management automation committee for three of its Lake St. John Pulp and Paper mills in each of which there is a local union and a joint committee. A mechanism for achieving uniformity of programmes and policies and for providing special assistance has thus been provided although it has not been required to function as yet.
- (g) Tripartite Committees—One instance of a tripartite committee of labour, management and government is recorded. At the Alberta Government Telephone Company a tripartite committee established both an in-plant training and an apprentice programme which has provided to date a supply of technically trained people for the provincial telephone operation.

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Representation on Joint Committees

Where unions existed it was important to the union to be adequately represented on any joint committee. In many cases the committee representatives were decided on in discussion between the company and union executive.

(In wartime and during the postwar period, the joint committees sponsored by the Federal Department of Labour were encouraged to elect employees other than the bargaining officers of the union so that all aspects of bargaining would be removed from their discussions. This policy has been altered.)

It was equally important that some of the representatives of management be officers of sufficient stature to either make or influence management policy.

In a number of highly effective committees, the president or plant manager was in regular attendance or came from time to time as required. Unions and employees wanted assurance that the company was acting seriously and that company representatives on the committee would be in a position to know and to impart essential information.

Where unique problem-solving units were set up, lower level officials of the union and the company, with the help of specialists, met to resolve the particular problems assigned to them.

Both the Swedish and British studies also show that joint consultation committees proved most effective when established as a result

of full consultation and agreement between the union committee and management. Committees imposed by legislation or master agreements, etc., were less effective than those arrived at through a free decision of the participants. Middle management should also be included ^{in order} to gain their co-operation, experience has proved.

Extended Representation—Several joint committees from time-to-time add to their numbers union stewards, business agents, workmen, foremen and other specialists.

An Ontario steel works, for example, has a programme for every hourly rate employee to attend a joint meeting at least once every two years so that knowledge of the work of the committee will be available throughout the plant. At Canadian Johns-Manville Company, Asbestos, Quebec, employees are represented on the committee by all of the union stewards.

Advantages of extended representation include the use of information and thinking from employees directly involved in problems ^{and} in decision-making, better rapport between management and a larger number of employees, and increased confidence in the joint consultation process. Union members' fears of being labelled pro-management were quieted when, through extended representation, a number of additional workers found an opportunity of engaging in committee meetings.

Terms of Reference and Subject Matters

Terms of reference were as varied as the number of committees. Some of the committees were set up under contractual arrangements for specific purposes.

(A) Contractual Provisions

For example, the Agreement between Pacific Press, Vancouver, and the Newspaper Guild states:

A joint Guild-Company Human Relations Committee shall be established, comprising three representatives from each party (including the Company's senior employee relations manager and the Guild's administrative Officer), the committee to choose one of its number to act as chairman. The function of the committee shall be to review the possible effects on employment of Company organizational changes, including those resulting from the introduction of new processes, new methods and/or new equipment. The Company's policy shall be to re-locate and re-train, where possible, within the Company any employees whose job may be eliminated by said changes. The Human Relations Committee shall make recommendations to the Company on methods by which this may be accomplished in general and specific instances. It is agreed that necessary funds for re-training will be made available by the Company on recommendations of the Committee.

The Bowaters Mersey Paper Company union contract states:

The Company and the Unions agree that automation and increased efficiency or productivity must be encouraged and supported. They agree further that they have, jointly and severally, a real and direct responsibility at all levels to reduce to a minimum the adverse effects that may result from the changes that are involved. It is their agreed intention to work together to foresee and to mitigate these adverse effects, and to eliminate as far as possible the fear of loss of employment and earnings which may be caused by proposed changes....

- (a) The Company will keep the Unions fully informed on their plans for future capital developments or operational changes.... (b)the Company and the Unions will prepare advance plans to deal with employees who are likely to become redundant.... (h) In the event of a major change...the Company and the Union concerned will jointly consult with the appropriate Government Agencies, to assist as far as possible those employees who are likely to be released.

In this case the regular union committee and company officials act as a joint committee.

Article **XXI** from the contract signed between the British Columbia woodworking industry and the International Woodworkers Union reads:

"There shall be created forthwith a high level standing joint committee comprised of three (3) members from the Union and three (3) members from Industry to study issues arising from changing conditions in the Forest Products Industry. This Committee will be referred to as the Union-Industry Standing Committee or Standing Committee. Consideration will be given to the desirability of appointing to the said Committee two (2) impartial persons to represent the public interest."

"The Committee shall seek assistance from the Provincial Department of Labour in these studies through the provision of statistical services."

13/ P.137

The British Study found that one factor in successful committees proved to be the setting up of structures and procedures to meet local needs—thus the wide variations: Mallee reports that Swedish joint committees worked best when there was a clear statement of the role of the Committee—and the subjects to be discussed.

In the Canadian cases there is no clear indication that the presence of contractual arrangements has resulted in greater effectiveness nor their absence in less effectiveness of joint committees, most of which meet to consider a wide range of problems as well as the effects of automation. Where a considerable measure of confidence existed between labour and management, the lack of contractual arrangements was of small concern, nor did the same companies seem to fear contractual arrangements if the unions considered them important. In a few cases, new contract provisions calling for the establishment of a joint automation committee has not resulted in establishment of such committees since the manpower adjustment needs on other problems were being met through continuing past practices or were not of immediate concern.

The Problem of Power in Joint Consultations

Management has an understandable fear of losing its right and its need to manage the business operations of a plant if the enterprise is to become or remain a profitable and stable unit amidst the challenges of the market place.

Few labour leaders in turn have any desire to consult with management unless they are being asked to make a serious contribution—or unless information and problems of substance are to be considered. At the same time they do not wish to relinquish any of their bargaining rights.

The problem-solving consultation approach does not imply a shifting or reduction of power, so much as a more intelligent use of power by each side, in recognition of a relationship which is both a partnership in the production process, under management direction, and a power bargaining structure for the sharing of some of the fruits of production and for the conditions of work.

No contractual wording will, by itself, either define the powers and the process perfectly nor make workable such a ~~complex~~ dual relationship. Both sides must collaborate in the many fringe areas—and in making the relationship a workable as well as a profitable one to both parties.

Yet, for either labour or management to forego their basic fundamental powers is to ask perhaps for a trust in the future that neither can be expected to give at this point in time.

The art of handling a power relationship in a 'collaboration' climate while acting as partners in production has been demonstrated in many of the consultation process/^{es}described in the Canadian Case Studies and in the other instances reviewed.

While agreeing to discuss shop and relationship problems in a joint committee or in a "discussion or study type of meeting" of the bargaining groups, the joint groups tend to develop a consensus--a general agreement on the solution to a problem as a result of reviewing available facts--and 'listening' with understanding to the problems and limitations set out by each side. The sessions could not in any true sense be considered bargaining, yet the powers to bargain were always present and each side acted in the knowledge that the bargaining process was available should solutions to fundamental issues not be forthcoming.

The joint committees generally agree not to deal with any grievances as such, but to leave them to the general grievance procedure. On the other hand, most of the committees do discuss general shop problems which could lead to grievances if not resolved. In some cases, the grievance-handling policies of both sides are discussed with a view to solving problems on the shop floor more readily. For example, a joint committee of top level international union and company officers has been established for the Convair plant in Texas, reports the U.S. Conciliation service. This committee is designed to improve plant, management-labour operations during the lifetime of an agreement. Case histories of recent grievances and the manner in which they were handled by each side are considered by the committee. When they have been poorly handled each side undertakes to feed back information and instructions for

improving future methods to their respective representatives in the plant. 15/ *₁

Where special study committees have been set up, recommendations from the study group—or the research expert—are taken to the larger joint committee for confirmation—and then, where advisable or required, are ratified by the union and accepted by top management on the advice of committee officers. This was the case at CNR's North Sydney changeover.*₂ Frequently, management action results from discussion^{in the committee} of a problem

which has been raised by labour, even though management may make no firm commitment^{immediately} to act, but does so after consideration with its people in the problem area.

One problem, sometimes experienced, is the inability of labour to achieve acceptance of a programme agreed upon in a top level joint committee as in the Domtar case. Solutions to this kind of problem are considered in the communications section, pages

Companies also reported that consultation with unions and employees on various problems had brought information to light which they did not know permitting better decisions. Unions also reported a better appreciation of company problems.

Usurping Supervisory Functions

Management frequently expressed concern that the role of the supervisor must not be by-passed when problems that normally could and should be handled on the shop floor are taken by the union to the joint committee. A number of committees, e.g. Casavant Frères insist that any

*₁ Footnotes for this section see p. 176 a). *₂ "Technological Redundancy in a Small Isolated Society", R. E. George, Industrial Relations Centre, McGill University, Montreal.

problem must first be discussed with the responsible supervisor before being considered by the joint committee. The British study also reports that most well established committees had similar rules. Other companies e.g., Dominion Road Machinery, Goderich, before presenting new information or plans to a joint committee, are careful to meet in advance with supervisors to provide them first with the information, so that the supervisors will not get it 'first' from one of their workmen after a meeting of the joint committee.

Subject Matters for Joint Discussions

Few Restrictions: Among the Canadian joint committees studied, most participants stated that the freedom for both sides to raise all issues of concern in meetings was essential. Even matters which were of a bargaining nature could not be completely left out since it was often hard to distinguish between bargaining and non-bargaining issues. Most committees, however, did set aside issues for bargaining periods once the subject became clearly bargainable. Normally, the joint committee adjourns by mutual consent during the period of intensive bargaining, reconvening afterward.

Although most of the Canadian committees refrained from considering actual grievances, a small number of groups considered themselves to be formal grievance committees, as well as serving their primary function—and handled the mixture successfully. These took place in quite small companies.

Policies on grievance handling and embryo problems which could be potential grievance issues were normally discussed.

New management plans, market problems, the yearly annual report of the company, picnics, washrooms, parking lot problems and a host of items which are not usually covered in regular bargaining sessions found a place on the agenda of many of the joint committees.

Technical improvements sometimes come up as well. Both sides reported that they valued the consultations and that many fears were resolved and many problems ironed out.

The more extensive British study on joint consultation analyzed the subjects discussed in 102 committees covered, and the effectiveness of discussions as follows:

PROBLEMS, DISCUSSION AND ACHIEVEMENT

BASED ON ONE HUNDRED AND TWO INVESTIGATIONS
IN BRITISH STUDY OF JOINT CONSULTATION

<u>ASSESSMENT FACTOR</u>	<u>Percent- age of Firms with a Problem</u>	<u>Percentage of those Firms with a Problem which Discussed the Subject</u>	<u>Average Effectiveness of Discussion Based on 100 Points</u>
(1)	(2)	(3)	(4)
Matters Discussed			
Hours, Breaks and Shifts	80	98	70
Holidays	80	100	69
Redundancy and Dismissal	57	89	66
Works Rules	59	79	64
Grievance Procedure	67	90	63
Physical Working Conditions	98	96	62
Safety and Accidents	84	94	62
Wage Systems	54	95	62
Canteen	98	98	59
Factory Earnings	44	87	57
Timekeeping	77	88	53
Workers' Knowledge of Firm's Trading Position, Policy & Developments	97	97	53
Absenteeism	87	88	47
Discipline	80	90	46
Training	74	63	45
Quality of Workmanship	88	88	45
Work Tempo	80	73	45
Methods of Production	94	95	45
Workers' Knowledge of Financial Results of the Firm	63	69	41
Reduction of Waste	74	84	40
Promotion and Prospects	65	50	39
Labour Turnover	77	53	32
Matters Indirectly Influenced			
Management-Union Relationships	77		60
Management-Worker Relationships	96		58

Management's Under- standing of Workers' Views	98	58
Workers' Understanding of Management's Problems	100	52
Inter-Foreman Co- operation	70	52
Manager-Foreman Relationships	84	48
Foreman-Shop Steward Relationships	59	44
Foreman-Worker Relationships	80	40
Office-Factory Relationships	50	3" <u>17</u>

Essentially the subject matter is greatly dependent upon management for they hold most of the information although labour's input is needed. What they are prepared to discuss will depend upon the goals of management vis-a-vis labour. If it is simply a 'keep-them-in-place' approach, joint consultation will not prove meaningful, but if management desires to move seriously in the direction of making labour a partner in the production process, then all information which will help this process will be made available to be used with discretion.

Attitudinal Factors

Both union and company officials in the Canadian cases examined consistently stated that frank discussion of issues in a problem solving attitude rather than in a hard bargaining approach was necessary for useful joint consultation. One frequently heard the comment from labour representatives on joint committees that they greatly appreciated the attitude which management was taking compared to their former experience of management's attitude in negotiations. Management, too, commonly stated that they were able to deal with problems much more successfully, due to labour's positive response to a problem-solving approach.

The British study found that, other things being equal,

"where...positive recognition of trade unions is accorded (by management), the appreciation is shown by greatly increased confidence in the management and, in the long run at any rate, by the election of reasonable and co-operative shop stewards. Against such a background we found that joint consultation tended to become more constructive. On the other hand we have "some evidence to show that bad industrial relations caused by a refusal to meet strong demands for recognition, or a policy designed to discredit shop stewards

and to 'score off the union' had a most detrimental effect upon the quality of joint consultation". 18/

Time and Persistence Required

In some recently formed committees both labour and management representatives indicated that several meetings were required to clear away misunderstanding and to develop a measure of confidence in each other's intentions and capabilities, before discussions began to bring results. In the same way the kind of study needed to bring about suitable solutions to complex manpower problems required ample time for fact-finding and discussion which had not been found possible under the pressure of contract deadlines in formal bargaining sessions.

Persistence by management over a period of time and during ups and downs in progress towards effective joint consultation was an important factor in 'success'. In one dramatically successful case examined two years ago, a highly co-operative relationship between top management and senior union officers was subsequently destroyed when a new, younger, more militant labour group knocked out the older officers in a plant election for senior union jobs.

The new group gathered votes by accusing their leaders of being too chummy with top management. Once in office, they refused, at first, to go along on the old, top level, continuous consultation basis.

However, over some months, the company earned their confidence by showing the union that a willingness to work with them on a problem solving basis was not a 'trick' but a genuine philosophy of management

which would benefit all concerned. Joint meetings ^{This time} which include the entire union committee have been resumed again.

In another Canadian Case examined two and one-half years ago, an international union subsequently took over from an 'independent' plant union which, along with a second union in the plant, had participated for many years in highly useful joint committees. During negotiations, the new union reluctantly accepted a clause in the contract agreeing to a 'joint committee' stating that the bargaining process and grievance procedure were all that was needed. "None of that co-operation stuff, please" they demanded. The two top union officers resigned from the joint committee in protest after the first two meetings were held following the bargaining period, and others replaced them.

However, after nearly a year of consistent management provision of information in the meetings, with a problem-solving attitude, union officers have gradually accepted the value of the process and the committee has again become a useful adjunct to plant operations and to improving relations between both sides.

As has been observed in the success of several joint provincial labour-management committees, their initial progress was highly dependent on the belief and convictions of one or two, or sometimes several people,

that the principle of joint consultation was both sound and essential. Their determined and continuous efforts over a period of time made the committees effective.

Once successfully underway, the momentum of success helps to carry committees along as more and more participants become convinced of their value.

There is nothing hereditary in joint consultation. Its success depends on the day by day handling of problems.

"Correcting a situation of long-term chronic hostility requires continuous and diligent follow-up efforts. As much as a five year span may be needed before the root system that produced the original animosities can be replaced by a new and healthier root system—one that can cause the relationship to flourish." 19/
(Blake, Mounton and Sloma)

In the search for effective committees, a number of companies and unions were contacted where once useful committees had been discontinued or had lapsed into disuse. In several instances, the original stimulus —either special problems such as wartime production demands or individuals interested in a joint committee^{were} no longer present. Management and/or union officials had changed, and no one took a sufficient interest in maintaining a joint committee.

As a rule, leaders responsible for the committee must continually think and plan ahead for committee meetings. Unless adequate subject matter is available for discussion, the meetings tend to lapse into disuse, and, when the time comes that serious problems could be met by the committee—the procedure is in too much disrepair to use. Primarily, however, it is not a matter of subject matter, but of making the committee fill a useful role in the whole production and people relationship processes.

Frequency of Formal Joint Consultations

Most committees seemed to meet about once a month when they were covering a wide range of subjects. Other committees only met when there was useful material to discuss and, by agreement, could be called together on the request of either party as problems came up. Some special

study committees met on a tight schedule to clear up ^{an assigned} task. Other conference-type sessions, e.g., Domtar annual meetings, were a once-a-year affair with smaller sub-committees meeting throughout the year; the Quarterly Review Board at Bowaters met four times yearly.

Communications and Joint Consultation

Special communications aspects of joint committees are considered on pages 172-220 in the General Communications Section.

Daily and Informal Consultations

It was observed that particularly effective relationships between labour and management were ^{not only} expressed in formal joint committee meetings but ^{also} in regular daily problem-solving contacts between responsible management and union officers—or between foremen and stewards—for the purpose of dealing speedily with new problems when they first appeared.

Many issues were satisfactorily and quickly resolved in this kind of informal way without recourse to calling a committee meeting.

Committee members seemed to think that the atmosphere created by the joint committee meetings helped to stimulate the success of daily, informal, ~~problem-solving~~ sessions which usually involved only the persons directly associated with or responsible for the problem of the moment.

The British study also found "that the existence of formal joint consultation frequently stimulated informal consultation....
...formal joint consultation is probably a stimulant to, rather than a

substitute for informal joint consultation...the effect...is to push the principle of consultation downwards and outwards..." 20/

In the British study, it was also found that informal meetings included those: (1) between individual foremen and stewards or workmen (2) spontaneous group contacts when the foreman consulted his men on special problems (3) factory-wide information meetings (4) daily news sheets (5) factory visits of families, etc.

Grievance Reduction

In each of the thirty Canadian joint committees examined, company and union representatives report either a very low or almost non-existent level of grievances, or a significant reduction in grievances as a result of the introduction of joint consultation meetings and the problem-solving attitudes created. ^{a reduction} ranging from 10 per cent to 50 per cent.

In addition to the original surveyed group,

Company "A", e.g., reports a steady reduction in grievances at the second level—from 198 to 120 during the first two years of a problem-solving joint approach. ^{also} More grievances were being resolved at the first level. The Vancouver Glazier's Unions and Glazier companies report that whereas grievances normally stood at one or two minor weekly items, plus four or five major ones a year, no grievances have occurred at all in the first nine months following the introduction of a new joint union-management regular consultation programme.

Stagner and Rosen report on the results of G.A. Meunch's case study (page 39) of a company that had experienced six wildcat strikes two years prior to the experiment in improving communications

and developing a problem solving approach: "not a single strike has occurred in six years since the new programme has been inaugurated (and) the number of grievances...has been decreased by more than 80 per cent... the grievances that do exist are being solved in a more effective way". 21/
International Harvester Company Case:

The multi-plant International Harvester Company in the United States and the United Automobile Workers tell an astonishing story of reduction in arbitrations and grievances as a result of the adoption of a problem-solving approach to shop issues. (See Appendix.) 22/ 23/

Between 1954 and 1959 grievances advancing to arbitration totalled 48,538. By contrast, during the past nine years to mid-1968, only twelve grievances had gone to arbitration (40,000 employees in 14 plants).

Wildcat strikes which had numbered 100 in one Harvester plant alone in a year before the 'new look' and had been a common occurrence are also now almost non-existent. Strikes accompanied every bargaining session from 1946 to the first negotiations following the implementation of the new look a year or so prior to the 1961 negotiations. No strikes have occurred since that time, with both sides agreeing that bargaining had been both easier and more productive since attitudinal changes had taken place. Important, too; no agreements have been 'overthrown' and no rank and file rebellions have developed within the unions.

It is interesting to note that the changes began when senior labour and management representatives decided together to attack the costly problem of vast numbers of unresolved grievances and eliminate wildcat strikes with the help of an experienced arbitrator. As these objectives were accomplished, the problem-solving climate generated was

reflected in a restructuring of attitudes in contract negotiations.

McKerzie and Shropshire comment on the International Harvester case:

"...it is the day-to-day administration of a contract that determines how well the objectives of the contract are realized. And it is the day-to-day administration that most influences the development of a constructive relationship between the contracting parties." 24/

The authors also observed that the company and the union, by insisting that grievances be handled and settled orally on the plant floor at the first level between the foremen and stewards—i.e., no written grievances--were reversing a trend toward increased formality in collective bargaining today.

A number of joint meetings and the setting up of joint grievance review boards at plant locations proved to be important steps in achieving success. An early step of forming ad hoc local plant joint committees to review arbitration requests, with the goal of reducing or stopping them—led to better understanding on both sides of the basic managerial and union problems. This helped pave the way for the senior, central staff, labour and management representatives to move to each plant to introduce the programme of 'no-written grievances'. Each held separate sessions with their respective local groups, then conducted a joint meeting of 3 to 4 hours with ample time for questions and discussions. The problem-solving climate has continued throughout each level of company—union relations, backed by supportive and consistent company and union policies.

Bargaining Aspect:

In all of the above cases, bargaining was hard and determined on both sides—but almost all effective committees reported that many

minor nuisance issues which formerly had been thrown into regular bargaining sessions were now resolved through joint consultation. This allowed a clearer definition of the true bargaining issues and saved time and wasted effort, and, as well, helped to improve the 'climate' of bargaining by easing the search for acceptable solutions. In general, I judge that consultation and problem-solving approaches have aided bargaining significantly.

The U.S. Conciliation Service Office also states that participants in joint committees ^{and/or problem-solving & special labour relations training} visited by their officers report significant reductions in grievances after the introduction of problem-solving programs. However, difficulty in measurement of grievances has been experienced in the U.S. as in Canada: very few committees kept accurate count of grievances, nor was it possible to assume with statistical certainty that reductions had been entirely due to the new approaches. Conciliation Service officials were convinced, however, by general observation and from consistent reports that a major role had been played by the joint exercises.

McGregor 25/ draws attention to some striking findings obtained in a Tavistock (England) industrial experiment in which, on the one hand, production work was planned and directed in the standard industrial engineering, entirely management-controlled manner, while in a comparable situation, workers helped to plan the work.

Four significant improvements were obtained in the latter 'participation case':

1. Absenteeism improved
2. Productivity was higher
3. Outside help reduced
4. Less cleanup required

Similar results have been obtained in an experiment conducted in India over several years, McGregor also reports.

A thorough analysis of a thirty year successful and developing experience in joint consultation in ^{the} English plants of a unionized, 5000 employee, engineering manufacturing firm provides additional information in its assessment of a variety of results from a broad joint consultation program:

"The recognition of the shop stewards and the facilities given to them has encouraged the selection of responsible level-headed men. One effect of this has been that great care is exercised by them in verifying the facts of grievances which they are asked to take up with the Management." 26/

Establishment of Mutual Goals

Consciously and unconsciously effective joint consultation has arisen either to meet a problem of mutual concern ^{such} as manpower adjustment, or to develop common goals and interests the consultation process, including more effective grievance handling, solving shop problems or promoting the general well-being of employees.

One of the most extensive and successful joint, goal-setting and consultative programs in modern industrial history began with a national collective conference of the entire French textile industry and their union leaders in 1951. Both sides fully accepted the need for massive productivity improvement in order to meet world competition, set up guaranteed benefits to workers arising from productivity improvements, established manpower adjustment programs, and through continuous consultation have maintained a long period of industrial peace, industry development and increasing incomes.

The Alcan case (see Appendix) is also an effective illustration of "marrying" individual and collective employee goals with those of the company.

Worker Satisfaction—The Management Role

'Participation' in various forms is required in today's industrial climate if worker satisfaction is to be achieved, according to behavioural research and observation.

Victor H. Vroom, in "Work and Motivation" 27/ concludes a recent critical examination of job satisfaction research as follows: "A work role most conducive to job satisfaction appears to be one which provides high pay, substantial promotional opportunities, considerate and participative supervision, an opportunity to interact with one's peers, varied duties and a high degree of control over work methods and work pace."

Money: Stagner and Rosen in their comprehensive study of the relationship of behavioural knowledge to industrial relations elaborate on the role of money in job satisfaction.

"... satisfaction is not a function of money alone. An investigation by Kahn 28/ of how workers rate certain goals (and on up each hierarchical step). "...each group claims for itself a great concern with...human satisfaction...but each higher group alleges that the immediately lower group is interested only in money...."

"...union officers have also been found to overestimate the concern with money on the part of their members...it is always easy to demand higher wages when the real unsatisfied need is for more praise, more interesting work, or more freedom of expressions.

"...workers...have a healthy concern for economic reward, but they have many other desires as well...." 29a/

Pushing Down Decision Making. Fundamental to worker satisfaction lies the principle of planning and organizing work so that more and more decisions are made at lower levels in the organization, with workmen themselves assuming a decision making role over much of their immediate work. (Note Aluminum Company, Kingston, Case - Appendix).

Next page 162

Face-to-Face Relationships

The manner in which foremen or specialists deal with each individual workman face-to-face on the job, and with union stewards, is vital to job satisfaction. His personal interest in the man plus his attempt to plan job work together with the man and continually seek the man's mind and assistance on work problems are proper means of adding to job satisfaction. We have seen from the British Consultation Study (pages 132-153) the importance placed upon face-to-face relations in cases of effective joint consultation.

Dr. Melvin Sorcher, of the Behavioural Research Service of the General Electric Company, conducted a study in 1967 of certain managerial practices, suggested by behavioural research, under carefully controlled plant conditions. His study points to those practices which proved most effective in motivating employee satisfaction along with significant improvements in productivity and quality—as follows: 29b/*

Management Acts

- (a) Increased Responsibility—given to workmen for assuming accountability for errors made, or for contributing ideas for improved methods, etc.
- (b) Reducing the Repetitiveness of Work—e.g., by lengthening cycle time by combining operations, by rotating work stations periodically within a work group where possible—or giving opportunities for physical activities like moving around while working.
- (c) Providing Improved Role Training—e.g., vestibule-type training, more intensive on-the-job training, improved orientation by plant tours, lectures about the product and various operations performed in manufacturing the product. (These direct involvement or role playing activities proved particularly effective in influencing employee attitudes to work and to the company, as well as in quality and quantity of output.)

* Footnotes for this section, see pages 176a-176b.

The report summary concludes:

"If factory employees are provided more opportunities to derive satisfaction, self esteem, and a sense of accomplishment from their work, substantial improvements in employee attitudes toward work and the company will not only be realized, but performance gains of great significance in quality and quantity of outputs will also result."

Group Meetings

As well as the person-to-person consideration on the job, some group methods have proved to be of value. A Benton Harbour, Michigan, manufacturing plant has developed a monthly box lunch, foremen-employee meeting at which problems are discussed.

A number of foremen at the General Electric Peterborough plant conduct a 'foremen's' round table meeting with their men--twice a year.

on this subject
More detail will be considered under Communications Section (page 188).

Goal Setting by
Joint consideration / foremen and workmen of the production, quality and safety goals will be ^{the} subject of group discussion, or man to man consideration on each job, in order to achieve a joint acceptance of these goals.

Job Enrichment-
The concept of job enrichment is allied to (b), Management Acts, reducing repetitive work. From the studies of Herzberg, Likert and others leading to increased job satisfaction has come the concept of job enlargement. A growing number of companies are expanding jobs so that each employee will be able himself to exercise more control over his work, reversing some of the usual industrial engineering practices

which grew from Taylor's early work of breaking jobs down into excessively simple tasks.

Job enrichment programmes have been singularly successful among mechanical and other production groups. In the past, for example, machinists' work usually has been broken down so that separate men did machine setups, production and inspection work. In the new arrangement a machinist is asked to do all three steps. Workmen have responded with higher production, better workmanship and more job interest. There are also records of failure, but considerable research is being done to establish a better understanding of the limits of the procedure. Imperial Chemical Industries, England, reports excellent results to five experiments.*

For mass production work which does not lend itself to job enlargement, more stress will be required on participation of workers in discussions of operational problems and ^{on} continuous communications about company and employee concerns in association with the items listed in the Sorcher G.E. Study.

Suggestion Systems

Suggestion systems, properly handled, have provided useful mechanisms for employee participation. Without going into the many studies which have been made on the pro's and con's of suggestion systems, a few factors in successful systems have been identified.

The British Consultation Study concludes:

* "Job Enrichment Pays Off", report to Canadian Manufacturers 98th Annual General Meeting, June 3, 1969, Toronto, by K.B. Robertson, Imperial Chemical Industries, London, England.

- (1) Workers are likely to take a greater interest in a suggestion scheme if they have participated in its formation and are given responsibility in the running of it.
- (2) Workers may be reluctant to make use of a suggestion scheme if they feel that it is not supported by middle management and foremen.
- (3) Many workers have difficulty in presenting their technical ideas clearly and may be rather sensitive about their deficiencies in this respect. Unless advice and help are offered tactfully, workers may prefer to withhold their ideas.
- (4) Workers often take much time and thought before making a suggestion, and, once they have done so, it therefore becomes very important to them. Unless it is acknowledged immediately, and any delays which occur are explained, they may feel profoundly discouraged and very reluctant to put forward more ideas.
- (5) For the same reasons, the rejection of a suggestion may be a great disappointment to a worker. His discouragement may be much modified if the full reasons are given and he is offered the right to have it reconsidered if he does not accept the explanation.
- (6) Workers are more likely to be satisfied with the awards if there are some accepted rules by which they are determined.

Where this is impossible and arbitrary awards are made, they are more likely to be considered fair if workers have representatives serving on the awarding committee.

- (7) While our evidence seems to show that the actual size of the awards does not bear much relation to the interest taken by workers in a suggestion scheme, workers are more likely to feel that the management really wants ideas from them if there is a wide variation in the range of awards made. If a good suggestion on production is awarded very little more than a suggestion on a minor welfare matter, awards may be considered merely as token payments. 30/

Managerial Responsibilities in Joint Consultation

The effectiveness of joint consultation in its many forms clearly depends more upon the attitudes and actions of management than on any other factor.

As the behavioural and management theorists have stated, the question must be looked at in a 'total' sense as an integral part of the entire managerial package of policies, objectives and organization .

(We have discussed managerial theory on pages 25-49, 115-119.)

Progressive Leadership--Significantly the British Study draws attention to the fact that, in the majority of firms visited in which there was a "reasonably successful form of joint consultation", the quality of leadership could not be appropriately described as either consciously authoritarian or democratic but could be called, "for want of better words "progressive". 'Progressive' is defined in the report as those managements which; emphasized modern forms of a personnel and training organization; adopted a co-operative attitude to officials and shop stewards of unions; insisted upon courtesy and fair treatment between all levels; remedied all defective working conditions; and provided an environment conducive to a high level of human efficiency.

This approach, the authors claimed, seemed to go hand in hand with improving technical efficiency by the introduction of the latest methods of manufacture. The introduction of joint consultation appeared to be an integral part of the whole leadership policy for the double

purpose of "giving workers more say in the determination of the conditions of work and of gaining their acceptance of changed methods of manufacture by informing them beforehand".

Attitudinal Climate

In evaluating his company's thirty-year experience, C.G. Re-nold arrives at some general recommendations for other companies interested in having effective joint consultation. Conclusions which match those of this study drawn from the material and cases examined, follow:

"The first condition of success concerns the attitude of the higher Management.

"Unless Management is imbued with respect for its people as human beings and with a genuine desire to carry them with it, institutions and procedures will prove sterile.

"Facilities for consultation should be approached not as concessions but as opportunities--opportunities to get at what their people are thinking and to put over the problems and point of view of Management.

"If the spirit is right the rest is a matter of organization and procedure." 32/

Contract Legalism must be examined when considering attitudes. The basic attitude of management to the administration of the contract makes a vital contribution to the effectiveness of consultation programmes. A hard legalistic approach has been shown in the Canadian and other cases not only to work towards the deterioration of basic relations, but apparently takes both sides away from the facts of the problems on the shop floor. The International Harvester case 33/ is a glowing example of a legalistic approach that led to thousands of grievances and arbitrations accompanied by a great vacuum of knowledge about the

"facts" of the problems on the plant floor.

A flexible attitude to contract minutiae was a constant feature noted in the Canadian case studies. Both sides had learned that plant problems could not always be solved according to precise contract language nor could language be devised to fit every problem. In some contracts care was taken to leave room for flexibility.

Some uniformity in foremen's decisions on grievances is, of course, necessary. This was handled either in foremen's meetings with industrial relations personnel or plant management, or occasionally in joint meetings where discussions of grievance-handling policies took place.

Organization and Handling of Internal Management

The attitudes and procedures previously discussed under McGregor's "Theory Y", Blake and Mouton's "9-9" managerial style, Likert's* participative management, etc., are considered here as they apply to the managerial process within management ranks. Joint goal setting, consultation, good communications, etc., have equal validity between the ranks of management as they do between management and labour. C.G. Renold in his general recommendations for effective consultation writes:

"The first organizational requirement concerns that of the Management itself.

Consultation should be practised not only between the top level of Management and the representatives of the workers, but between every level of Management and the workers with whom each level is in contact. To make this possible all levels of Management must understand the policies of the concern. They must all be in a position to tell the same story. Every management official must understand his position—his responsibilities, and his powers.

* "Human Organisation", Rensis Likert

This necessitates a soundly conceived Management structure with clear channels of command, adequate means for consultation in the formulation of policy, and clear cut practices for promulgation of instructions." 34/

Renold makes another interesting addition to organizational thinking:

"The role of the Personnel Department should be carefully thought out, so that easy and informal access by the workers' representatives is encouraged. This is an invaluable accompaniment to formal consultation. It seems to require that the Personnel Officer should not act in the capacity of Management protagonist in negotiations but should so far as possible be in a position of detachment. The role assigned to the Employment Manager...is one way of achieving the desired effect, but not necessarily the only way." 35/

Foreman Selection and Training

The importance of face-to-face relations between foremen and workmen has been considered. Selection of foremen capable not only of mastering production techniques, but both ^{also} willing and able to use behavioural knowledge becomes a primary essential--and is well understood in properly managed companies.

Adequate foreman training in grievance-handling and behavioural and communications knowledge is also as important as training in mechanical production requirements in the current, 'charged' industrial atmosphere.

Managerial thinking and behaviour, we have seen, are closely linked to the effectiveness of joint consultation programmes. A number of management groups in the Canadian cases had to give special attention to the behaviour and attitudes of their foremen and other

staff personnel who dealt with labour to make certain that the new, more positive policy was being carried out in day-to-day relations with both union officers and men on the job. At Industry A["], for example, foremen who had been exercising a 'hard line' with labour for many years found it difficult to switch over to a consultative problem-solving relationship with union stewards. Special training was given but even then not all complied and some personnel changes were necessary.

The effectiveness of the International Harvester case was considerably due to the attention paid to training and coaching, encouraging and insisting that foremen and other managerial personnel take a problem-solving approach to problems with a grievance potential.

Good Management

No amount of behavioural science, human relations, or economics training will substitute for excellent professional management. If a business is not properly conducted with imagination, efficiency and energy using the best of modern production, sales and financial knowledge, it will not earn the respect of employees or unions.

Additional Guidelines

Renold completes his five guidelines for effective ^{joint} consultation with the addition of the following:

"Formal procedures are highly important.

"These include the embodying of all practices in published rules, agreed with the workers' representatives.

"The rights of representatives should be agreed and clearly defined.

"Meetings should not be ad hoc, but on a regular programme, and conducted on an agenda agreed beforehand.

"The results of all meetings should be embodied in clear minutes of agreed wording.

"There should be clearly defined procedures for bringing questions forward for consideration. 36/

Discussion Subjects

The field open for discussion should include things that really matter—not merely the ventilation of minor grievances about amenities. One sure way to secure this is to recognize one and the same body of workers' representatives for both negotiation and for consultation. Moreover, the prestige and sense of responsibility of the workers' representatives can be greatly enhanced if—like the shop stewards described—they can be treated as the accredited agents of the trade unions and negotiations conducted through them in the first instance on matters usually handled direct with external trade union officials. 37/

Conclusion

The British study prepared by the National Institute of Industrial Psychology concludes:

"Any system of joint consultation cannot long remain static and effective, it must develop to meet the changing needs of the organization or its usefulness will decline and it will gradually decay."

"...as a technique only, its scope must be limited, it is no panacea, no moral philosophers' stone, which will convert suspicion and antagonism into confidence and harmony...."

"As a philosophy of management joint consultation emerges as a development of a democratic principle. It is a philosophy which demands the adoption of the consultative relationship as the basis for day-to-day conduct of the affairs of the organization. This relationship provides a particularly fertile ground for the growth of understanding and realization of a common purpose between people whose interests may appear to them to be opposed."

Monetary 'Participation', Profit and Productivity Sharing

The argument put forward by apostles of profit and productivity sharing is that employee's willing participation in production will never be full and satisfactory—either to management or labour—unless labour can feel that they are achieving some direct monetary rewards in the form of profit or productivity sharing for their extra interest and effort.

Labour leaders generally reject these claims on several basic grounds including the impossibility of labour trusting its primary economic income to "possible" profits in the future. High wages must be the real sharing mechanism they insist. Quite validly, of course, labour can decide to take its share of productivity improvement through wage bargaining alone, but some costly problems are not solved by this route.

Acceptance of Productivity Goal—If, however, both management and labour come to agree upon their mutual dependence on productivity advances for gaining real monetary improvement (see pages 84-112) and decide to unite their efforts in achieving this goal, then a fresh look at the values and virtues of profit and productivity sharing may be needed. For to join in stepping up productivity also implies that the efforts of both sides will be rewarded and attention is immediately drawn to some form or formula for sharing the fruits of productivity advances.

Cyclical Disadvantages of Present System: The problems created by the cyclical ups and downs of labour demands and profits as well as the inflationary effects which are attached to wage increases without parallel productivity gains, lends additional support to the concept of

a monetary formula for wage earners which includes consideration of these problems. The cyclical problem is created when wages continue to rise after profits have started to fall off in the short term business cycle, a period when business is least able to pay without price increases. The wage pressure of course comes about in part as the result of the usual failure of wages to rise at the rate of profit increases at the start of the upturn in a business cycle.

If a formula can be found to bring about a closer matching of wage increases to profit fluctuations, both sides and the economy generally would benefit. To accomplish this, some form of profit and productivity sharing is required. A formula of this kind, as the evidence of successful profit sharing industries show, gains the increased interest of workers and unions in both productivity improvement and ⁱⁿ the travails of the general economy within which the company operates, providing an effective communications programme is at work. In this respect evidence from the work of the Centre for Productivity Motivation at the University of Wisconsin 38/ confirms that good communications and participation by employees in the planning and execution of profit sharing schemes-usually through a joint committee-appear to be common factors in successful profit sharing industries.

Literature on successful profit and production sharing schemes is readily available. It is not the role of this paper to investigate this aspect of labour-management relations. The Scanlan type plans such as the Kaiser Steel agreement and the British Esso Fawley agreements have proven to be useful mechanisms, properly handled. A number of Canadian firms such as Dofasco in Hamilton have long standing profit sharing plans.

Canadian Agreement: One recent Canadian agreement will bear watching and may provide a key to more widespread consideration of profit and productivity sharing —the 1964 settlement between ^{/Victoria} local 324 of the B.C. Plumbers Union and the Mechanical Industrial Relations Association of Victoria.

The Agreement resulted from a study by economist John de Wolf made at the request of the two parties. ^{39/} His study showed that it was possible to develop a formula for wage increases, tied to both cost of living and productivity improvement which, if it had been in effect since 1953, would have given labour roughly the same increases in benefit as had been achieved by long, drawn out, regular bargaining accompanied by frequent and sometimes lengthy strikes which proved costly to both sides and to the public. The agreement has proved highly acceptable to both parties during the past years of operation and is being considered in Vancouver and the rest of British Columbia. It includes:

1. a cost of living adjustment,
2. increases in real income to labour tied to productivity improvement,
3. joint programme to insure a trained labour supply and to consider productivity improvement,
4. constant negotiation to allow for external influences and new information.

Studies are now being completed to ascertain the true productivity growth of the industry. At present a factor of about 3.5 per cent is used by agreement.

Can such agreements spread? Why not? Canada has some advantages in its plant by plant bargaining system which can more easily be

turned to productivity bargaining. It is almost comic-opera tragedy that, for the most part, both sides do not treat each other as if, in fact, each did depend almost entirely on productivity improvement for real increases in returns. As bargaining trends go today, the real economic issues seldom are clarified. It remains for the company, usually alone, to resist demands at the danger point—accept a strike and all the resulting costs to both sides. In this system labour depends largely upon management to say 'no' for labour's own good. And management does not or cannot take concern for the inflationary problems resulting from settlements which will prove costly to both of them as they reverberate back through the economy. The ideal programme may be one which allows increased participation providing a sense of involvement and belonging on the job, but also includes some form of sharing in the economic gains in a form that is apparent to employees.

Manpower Adjustment Issues: Any attempt to make productivity improvement a high-priority mutual goal cannot be separated from one other high priority labour goal—an effective manpower adjustment programme.

Labour's fear of lay-offs must be met in any attempt at joint consideration of productivity improvement. Evidence from the Canadian case studies 40/ indicates that companies with their unions, and many without unions, have been able to work out satisfactory manpower programmes *while* government manpower programmes are developing to try to fill the gaps. Manpower problems normally have been among the subjects considered in behavioural-oriented, joint consultation programmes.

Institutional Needs

If labour and management are to move toward a more rational programme of sharing economic gains, both sides will require more precise information about the economy of the company, the country and the industry than is presently available. Research programmes to make this kind of knowledge available to both sides will be necessary and some form of research institution in which both sides have confidence may be required. Possibly each industry could develop its own figures in open association with the unions. Each company, of course, will be the only supplier of information on its own performance and problems.

Sweden has made excellent strides in developing nation wide institutions of labour and management to make such information available - and to provide strong vehicles which allow for co-ordinated national bargaining within productivity and other allowable limits. (See study of P. Malles on European labour-management relations, also prepared for the Task Force on Labour Relations).

The work of the Economic Council of Canada is, perhaps, a form of beginning. But in the face of no further advances in Canada, companies and unions will be required to work out these problems company by company, and contract by contract using local and available industry and national information while working towards a broader basis.

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- 29a/ Stagner and Rosen, Ibid.
- 29b/ "Motivating the Hourly Employee" by Dr. Melvin Socher, Personnel and Industrial Relations Service, General Electric Company, 1967.
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35/ Ibid., p. 121.

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37/ Ibid., p. 121.

38/ "Succeeding in Profit Sharing", J. J. Jehring: Centre for Productivity
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1. there are more joint committees in production sharing types of companies than in profit sharing types,
2. joint committees in profit sharing companies tend to be set up to handle more general types of subjects while committees in production sharing companies mainly handle production issues.

39/ "Wage Movements and Wage Determinates in British Columbia", John de Wolf, Broadway Printers Limited, Vancouver, B.C., 1966.

40/ Economic Council Report, National Conference in Labour-Management Relations, 1967, pp. 139-228.

SOLUTIONS TO INDUSTRIAL RELATION PROBLEMS (CON'T)

<u>Contents</u>	<u>Page</u>
<u>COMMUNICATIONS</u>	177
Communications Solutions	178
Summary	178
Communicating Levels	180
a) Foremen and Workmen	180
Foremen-Employee Meetings	181
b) Foremen and Stewards	182
c) Foremen and Management Hierarchy	183
d) Senior Management and Other Management Groups	185
e) Senior Company Management and Union Officers	185
f) Senior Management and Workmen	187
<u>Face-to-Face Methods</u>	188
i) Annual Business Reviews	188
ii) Employee Participation in Consultation Meetings	188
iii) Employee Luncheons	189
iv) Plant Visits, Picnics, etc.	189
v) Individual Employee Interviews and Surveys	189
g,h,i) Communications Within the Union	190
The Importance of Perception in Communications— Additional Consideration	196
Different Perceptions of Same Issue	197
Management's Image	198
The Union's Image	199
Economic Conceptual Problem: Needed—A New Label	200
<u>Social Goals of Labour and Management— Closer Than Realized</u>	209
<u>"The Socially Directed Market Economy"</u>	213
Brief Historical Development	213
The Framework of a "Socially Directed Market Economy"	215
1. Governments	215
2. Private Organizations	216
3. Economic Research	217
4. Adequate Consultation	217
Conclusions and Recommendations	222

COMMUNICATIONS

"Good communications, in the sense of a continuing interchange between management and workers of facts, opinions and ideas has come to be recognized as a means of acknowledging the workers' role in the undertaking and as a way of avoiding grievances and disputes. Conversely, the lack of such two-way communications is now increasingly seen as leading to dissatisfaction and low morale, to absence from work and labour turnover and so, indirectly, to reduced production and productivity."

"Good communications are, in fact, partly a reflection of the satisfactory standard of industrial relations."

ILO Conference 1966 Fiftieth Session
Report VII(1) Chapter V

COMMUNICATIONS SOLUTIONS

We have examined, already, an outline of the nature of communications pages 9 to 23, as an integral element in dealing with behavioural problems causing conflict between groups and individuals, pages 38 to 46, and confirmations from case studies that its role in labour-management relations is highly important.

We have also seen that participation and communication are inseparable when considering solutions to conflict problems.

Summary: The problems preventing good communication were seen to be:

1. Filters within the person which distort the sending and reception of messages:

- (a) Emotional—mistrust, fear, etc.
- (b) Values and concepts held
- (c) Goals of the parties

2. Transmission blockages due to:

- (a) Poor wording of messages
- (b) Assumption other party knows
- (c) Third Party distortions
- (d) Lack of feedback

Solving communications problems called for:

- (a) Trust between communicators and receivers
- (b) Freedom of expression
- (c) Belief each side will learn from other
- (d) Face-to-face meetings
- (e) Continuous-communications

- (f) Common goals
- (g) Sufficient content in messages

The various methods of participation and joint consultation discussed in the previous section meet many of the above requirements for good communications. Joint consultation programmes, when effective, developed trust and confidence between the labour and management representatives; each side felt free to discuss problems fully; meetings were face-to-face allowing full exchange of ideas, i.e., a feedback to each side. Frequent meetings were also a common fact as well as the setting of common goals while the exchange of useful and adequate information was essential to success.

Vitally important, too, the adoption of a problem solving attitude by one party in place of a win-lose attitude to the other party was,
in time, communicated to the other party causing, in most cases,
a significant improvement in trust and confidence between the parties,
whether individuals or groups.

Communicating Levels

We have seen that relations between employees and a company with a union are highly complex and include the interaction of various groups and individuals. We have, then, to be concerned with two-way communications between:

- (a) Foremen and workmen
- (b) Foremen and stewards
- (c) Foremen and management hierarchy
- (d) Senior company management and its various management representatives including personnel and industrial relations staff
- (e) Senior company management and union officers
- (f) Senior company management and workmen
- (g) Union officers and stewards
- (h) Plant union officers and international or national officers of union
- (i) Stewards and workmen

Communications failure in any of these linkages can create serious labour management ~~friction~~ ^fiction.

(a) Foremen and Workmen: Person-to-person relations with individual employees and a participative role by the foremen has already been considered. In addition, experience has proven the value of:

(i) Foremen-Employee Meetings:

Regular or occasional meetings of foremen with employees was seen among a few of the Canadian cases. A number of foremen at Canadian General Electric's Peterborough plant conduct a "Foreman's Round Table" twice a year with their men to go over problems of the operation and any issues which the foremen or the men wish to raise. Reports indicate that both sides have appreciated the communications mechanism.

A Benton Harbour, Michigan, plant has instituted a foremen-men box lunch meeting with success. In 1962 the inspection department of Western Electric's Reading, Pa. plant set up regular meetings between supervisors and employees during which employees were encouraged to speak their minds and ask questions. Supervisors reported on company benefits, plans, cutbacks, in-plant moves, etc. A topic was introduced by supervisors but discussion followed any route employees wished. Unanswered questions were answered in the next meeting.

During the first year, operational reports and an employee survey showed that there had been a one-third improvement in time required for inspections, a greater team spirit, more awareness of the relationship of an individual's progress to plant progress, and a better opinion of the plant as a place to work.

As a result of this experiment, some fundamental changes were made in the 25-year old, monthly safety meetings held throughout the whole plant of 2,600 people between each supervisor and his workmen. Although still called safety meetings, the subject matter has been expanded to cover other items of concern to both employee and supervisors. Written

requests, sometimes unsigned, for discussion of particular subjects are received *to* encourage questions that employees might not want to raise personally or alone. *But* most meetings are a free-wheeling face-to-face discussion of safety, job problems, fears, advance discussion of new programmes, etc.

Supervisors were given special in-depth training in conducting two-way communication meetings. Strong efforts are also made to correct problems raised.

Although no specific records have been kept, officers believe that grievances have been reduced, attitudes and job satisfaction improved, and general performance on the job is better since the start of the new type of meeting.

Employees are members of an I.E.B.W. local union which represents them in grievances, arbitrations and bargaining in the usual fashion. The plant has a long no-strike and a generally low grievance and arbitration record. Except for one recent brief period of a highly militant union leadership, employees have voted into office moderate but effective union officers, possibly *due in part* to the problem-solving, employee-sensitive attitude of plant management. Employee wages and benefits are comparable to area and industry rates.

(b) Foremen and Stewards

In cases examined where relations were sound, both sides agreed that foremen and stewards needed a good working knowledge of the contract and a 'climate' of problem solving as discussed earlier (see International Harvester Case).

page 154). Easy availability and speed of response by foremen and the company to problems raised by stewards was also a mark of effective relations.

c) Foremen and Management Hierarchy

We have observed that no joint consultation programme should undercut the role of the foreman. Nevertheless, the foreman's relationship with senior management is easily neglected. A ample attention has been given to this problem in management literature.

His important, two-way communications role, however, is often difficult if not impossible to perform writes Charles M. Kelly in "The Myth of the Key Communicator" 1/*since the foreman's communicating abilities, his available time, and the amount of information he has beyond his job requirements are normally limited. At the same time his supervisors demand production results first and foremost and foremen under pressure tend to protect themselves by sealing off many problems and issues from higher observation.

Firms are wrong in expecting the foreman to carry the whole load of informing employees, and conversely, of passing up to senior management all necessary information. The author's own plant experience is in conformity with the observations made in the survey. In fact, the problem may be more severe than is realized by many companies. Some companies surveyed tried to overcome the problem by holding regular or frequent foremen's meetings and training programmes. Only a few, however, trained in communications skills.

* Footnotes for this section, see page 199a.

Western Electric Company in the U.S. hold twice yearly, departmental, "vertical conferences" with all members of each department, consisting of frank and free discussions of problems, plans, opinions, etc.

This permits foremen, for example, to get a chance to ask questions of more senior management and in turn pass on information that sometimes or frequently gets bottlenecked at intermediary levels. In some Western Electric plants, top management holds a yearly conference with all management members. The practice is not unique.

Pfiffner and Sherwood support Ralph Cordiner's insistence that communications should never bog down in channels. "The communications must get through, even if the niceties of hierarchy must be forsaken." 2/

Special application to the problems of labour-management relations is born out by experiments which have shown that communication bottlenecks within management have often prevented a knowledge of the seriousness of workers feelings about annoying problems from reaching those who could and should activate^a solution. Michel Ivens, in "The Practice of Industrial Communication" (U.K.) claims, according to a review of his recent book, that one half of all the strikes which have taken place in Great Britain since the last war have been due to communications failures.

We have also considered the new managerial styles on earlier pages. In "The Managerial Grid", Blake and Mouton observe that the 9-9 managerial theory "assumes that mutual understanding is the key to

agreement and control" and specify that the real problem is "to get rid of the causes of poor communication" leading to "open authentic and candid communications". The new styles of participative management, 9-9, theory Y, etc., are designed to develop the management groups—including the foremen—into a team committed to objectives. (Non-management employees are also included).

Walton and McKersie 3/ deal more fully with the problems of achieving unified decisions and actions within management ranks on policies and programmes relating to bargaining and union and employee relations.

(d) Senior Management and Other Management Groups—Lack of adequate communications within all management groups can have adverse effects on union and employee relations. The writer has observed, in his own experience, situations where information and demands of work standard personnel were not co-ordinated with engineering job specifications and foremen's on-the-job problems, due to communications blockages. Confusion and resentment at the place of work resulted.

Organization Structure: Part of the difficulty in this case and others stem^{med} from a failure to establish an appropriate organizational structure with clearly defined communication roles accompanied by management follow-up to insure that the communication system was effective.

(e) Senior Company Management and Union Officers—Communication problems between these groups have been met, as reviewed, through joint consultation, communication meetings, etc. If union officers are to

accept the mutual goals of productivity improvement, quality standards etc., as their own, as well as managements', then from time to time the opportunity of frank discussions with senior management will be necessary, while the regular level of union-management problems will be discussed with company industrial relations officers or designated people.

In recognition of this, for example, Dominion Engineering's Montreal plant senior officials have arranged an annual meeting—~~held~~ more frequently, if desired,—with senior union officers, including international officers, to trade information and discuss problems.

Domtar, Montreal, have held five yearly meetings with senior representatives of all of the 20 plus unions. Periodic meetings at the Abitibi and E.B. Eddy Companies have also included presentations from leading authorities on industry, Canadian and world economic problems. (see Appendix

Inherent in such top level discussions is the possibility that union members or political rivals will fear or charge collusion between their top officers and the company (see item (i) below).

This kind of top level confrontation has proven effective—as long as it was accompanied by effective communications and action in other areas. In two Canadian cases, union officers were

forced to strike action in spite of effective top level consultations, because communications with lower level union officers and union members was neglected.

(f) Senior Management and Workmen—The difficulty of relying entirely on foremen to communicate information of importance

to and from workmen in their charge has been reviewed. Companies have long recognized part of the problem and have sought to keep employees/informed through employee newspapers, bulletin boards, letters to individual employees and their families, radio broadcasts, newspaper advertisements and stories, and other public relations activities.

Apart from the fact that this form of communications is one way only, important as that may be, reported surveys have indicated mixed reactions to the effectiveness of 4 these communication mechanisms by themselves.

Experience and studies suggest that they are most effective if accompanied by various forms of face-to-face communications between top management and employees—and are backed up by the communicating practices which unions and workmen use in daily relations with company representatives. (The G.E. study discussed on pages 15-16). indicates the importance of combining face-to-face and written communications.)

Face-to-face meetings with senior management have an important value in helping to bridge the conceptual and perceptual barriers which normally develop between workmen and 'hidden' higher management—as they do between different social levels in society. Since a partnership in production is the purpose of association, these barriers should be

lowered whenever possible to achieve more of a sense of a 'community' of effort toward a common goal from which both parties benefit.

Face-to-Face Methods

(i) Annual Business Reviews: Once a year Canadian General Electric presents to all hourly and salaried employees a review of the company's future plans, business problems, and performance for the year in a series of meetings held on company time at every Canadian location. In each case the senior company official of the area makes the presentation to employees in successive groups of 50 to 150 persons on a condensed schedule. Questions are permitted within the time available or presented afterwards to foremen or supervisors who in turn provide the answers or request them from an appropriate department of the company.

Similar meetings have been surveyed at the Dominion Engineering plant in Montreal, and the Atlas Steel plant in Welland. There is general agreement on the value of these meetings as a communicating medium. Employees appear to follow the proceedings with interest and questions have been numerous. Acceptance of the accuracy of the presentations appears to be high and employees appreciate the chance to hear directly from the 'boss'.

One similar experiment in which the writer was engaged during his work experience supports these impressions.

(ii) Employee Participation in Consultation Meetings: A number of companies such as the Phillips Eindhoven, Holland, operation 5/ conduct monthly joint meetings with an enlarged employee committee—for the purpose of exchanging information and for general communications.

Some 300 employees join these meetings to exchange views with management over a wide range of topics. Representatives are often changed allowing more participation and some observers are permitted to attend. The revolving participation of employees in a few Canadian joint committees has been covered already.

(iii) Employee Luncheons: Once a year the President of Dominion Road Machinery, Goderich, Ontario, holds a series of small luncheons covering all employees including members of the International Machinists' Union. A report on company progress is made and all questions are answered. Results have been gratifying from reports obtained from both sides.

A monthly joint consultation programme with union officers is an accompanying feature at which a full and frank information exchange takes place. Special problems such as manpower displacement and retraining have been worked out in these sessions.

(iv) Plant Visits, Picnics, etc.: Periodic visits by the President and other senior officers to workshop and offices to meet and chat with men on the job, company picnics and special shows of products all can and have helped to bridge the communications barriers. They are, of course, no substitute for the real, problem--solving, confrontation^s which we have been considering, but ^{are} a useful addition.

(v) Individual Employee Interviews and Surveys: In several of the Canadian cases, including the C.N.R.'s movement of their London shops and the changeover of Sydney, N.S., Ferries, interviewing of employees prior to

or during a period of disruptive change proved a valuable contribution to the development of useful adjustment programmes. Interviews were usually conducted by trained personnel staff of the company at which a union steward attends if desired by the employee or the union. These talks provided an opportunity for presenting exact details of changes which would take place with specific reference to the effect upon the employee and the choices which he might have.

A number of firms also use a system of regular employee interviews or questionnaires, usually unsigned, to help management identify problems and questions of morale and attitude. A.A. Imberman reports 6/ on a firm of 1,600 employees which used this technique following a severe strike. Many unresolved problems which were important to employees were discovered—problems which had not been reported up the regular channels of communications. Corrective action on all of the problems was taken, or an explanation given. The company also instituted a stepped up communications programme of bulletins, a revised house organ and special supervisory training. Within 16 months grievances had dropped from an average of 45 per month to 16, output climbed one third in value and the next contract negotiations came off without a serious threat of strike—attributed by Imberman to the new programme.

(g,h, i,) Communications Within the Union—The problems of communications within the ranks of unions is even more complex and difficult than within the ranks of management, partly due to the political nature of union organization, partly due to the availability of time, money and properly trained men in the various fields of problems,—economic, industrial and social—with which union officers must grapple, and partly

due to the conflict orientation of labour-management relations.

There is a prevalent argument put up by many union officers and by a number of company and other specialists in industrial relations that virtually all communications with hourly rate union members, excepting matters directly relating to job and employment, should be handled through union officers. In no other way, it is claimed, can the company and the union maintain effectively their 'balance of power' relationship. From the union standpoint this presents certain political advantages in being able to 'manage' information given to employees to ensure that a proper 'heat of battle' is maintained in preparation for negotiations and the power struggle at the bargaining table.

To this must be added the problems which union officers face in trying to pass on to members information originating from the company, which may not prove altogether pleasing. To leave this only to union officers is to ask them to be apologists for company action—an untenable position, indeed, for a union officer 'voted' into office.

For example, the top level agreements between international union and C.N.T.U. officials for transfer of employees with seniority from one plant to another, made with the Domtar Company at their first and second national level meetings, depended upon acceptance by local unions. In many cases, the senior union officers were too busy with continuing negotiations and other problems or feared to disturb a delicate internal political situation within a number of local units,—so much so that only about 40 per cent of all employees were effectively persuaded to join in the arrangement—even though it would be to their general advantage.

It is the proposition of this paper that management has a responsibility to insure that all employees are receiving accurate information about the company and its operation ^{and} that most union officials welcome the establishment of a 'proper' communications programme, particularly if they are consulted with and if ^{is a program} in which they may have a part to play with management, a part to handle themselves or a monitoring role.

If both sides depend upon advances in productivity and plant and business success, then all involved should have a continuing knowledge of where matters actually stand. Such informational programmes, however, must not have, in any way, the purpose of destroying the union, but of encouraging all its members and officers to be aware of facts in decision-making.

The fact that management holds most of the essential facts of market, finance and production problems also places them in a priority communication position, for no one else can speak with authority on these matters. When company officials explain to employees in face-to-face meetings the operational, market and financial issues, union officers as well as workmen can question the evidence, purposes and intentions of management. When the chips are down, however, and a union officer feels he must pursue a policy based on information which he knows is correct, it is much easier for him to 'sell' his programme to his constituents if they have had a chance to hear the facts for themselves from management and have made their own assessment.

The task for union officers today, in the opinion of the writer, is to develop internal communications programmes from the Canadian Labour Congress through to the last hourly rate member, giving a proper appreciation of the kind of market economy in which labour and management live, the nature of the common goals and the most viable routes for achieving gains for labour—and the country as a whole—as a working partner in production with capital and company managements.

Union training has been undertaken by union officers in several of the cases examined.

When a problem-solving approach was first decided upon by officers of the Ontario Hydro and construction unions at the Niagara Falls, Sir Adam Beck Power site, in 1952, company officials trained foremen and supervisors on the job to look upon senior stewards as helpmates in getting the job done properly with full attention to employee needs. Union officers in turn, undertook a similar training programme with their stewards to ensure that they took a consultative approach with foremen.

Union officers at International Harvester conducted similar training programmes at some of their U.S. plants when a new approach to grievances was agreed upon.

Unions also can conduct classes with stewards in contract knowledge to advantage. Some cases have also been discovered where joint foremen—steward meetings have proved of value in trying to achieve a common contract interpretation.

The criticism faced by senior plant union officers when they join management in consultation programmes has been examined already. It has been met in various ways; by including more junior officers and rank and file employees in meetings; by better reporting of joint meetings and jointly agreed upon plans to employees, and so forth.

The last agreement signed between Ontario Hydro and the Joint Council of construction unions, for example, tackled a number of communications failures. Union officers in the field were added to international representatives for the Joint Council meetings with management. The company set up a 24-hour manned telephone at Toronto so that union officers in the field could get immediate attention when problems demanded speedy decisions.

Company and union also agreed to close a serious communication gap in the field by establishing a monthly joint meeting at each field construction site.

International union officers meet with local union officers in advance to ascertain on-site problems. Company officials also meet in advance with construction company and hydro on-site representatives for the same purpose. Afterwards—both groups meet together and try to clean up all outstanding issues.

Both labour and management report that during the eight months following the last agreement—the new communications and consultation programmes have been eminently successful in reducing grievances, solving problems quickly and creating more unity within both union and management ranks.

Where company and local unions, as well as employees, are fully informed, some of the internal communication problems within the union are reduced; the pressure for hasty and ill-conceived action by union officers tends to be reduced when knowledge is readily available.

No attempt will be made in this paper to deal with the union communications issues such as getting better attendance out to union meetings, encouraging high calibre employees to take office, etc. It has been observed, however, by the author that Union officers who have managed to maintain a close communications link with their members through direct and indirect channels seem to be able to survive the political uncertainties better than others. One of the problems observed, has been the failure of communications from union head offices and local units, where problems on both ends are not being properly transmitted to the other party, causing undue concerns and, sometimes, violent reactions.

It was noted, in the International Harvester case, that the frequent consultations which took place between, not only the company and the union officers at various levels, but also between union levels, brought a considerable measure of unity to the union.

The United States Federal Mediation and Conciliation Service has found that their training services for foremen and union stewards, frequently conducted jointly, has been highly effective in many cases, bringing about reductions in grievances and a problem solving climate. Introduction of such courses by a third party has made them more acceptable it is reported. Once started the courses can usually be run at the plant by the company in co-operation with the union without the Federal service.

THE IMPORTANCE OF PERCEPTION IN COMMUNICATIONS—ADDITIONAL CONSIDERATION

Communications—Perception

Stagner and Rosen 7/ demonstrate with cases and illustrations the principle of perception and its particularly important place in labour management conflict: "Man behaves in accordance with his image of reality. He is guided by the percepts he has acquired of the objects and people in his milieu. A worker who does not see a given work situation as dangerous is likely to have an accident...different people have different images of a corporation...legal entity...device...to make profits...(etc.). To each person the "real" corporation is what he sees it to be".

"The kind of image a worker has of his boss, and the image the boss has of himself and of his workers, will determine what each does in a given industrial situation." Things may be wrong but such images often provide the key to an understanding of an industrial dispute.

Stagner and Rosen show that "facts" can seem different to workers and foremen, union stewards and company personnel men because of the perceptual problem which is usually heightened when people from different groups, social levels or plant responsibilities confront each other. Each has drawn ^{part} of his percepts from those generally held by his own group / ^{which} are sometimes antagonistic to 'outsiders' or self-protective.

A major step toward resolving conflict through better communications is that of helping each of the conflicting parties to see 'facts' as the other sees them. This is essential before "facts" as they

really are can be accepted--or at least, "understood".

Contacts made in the various Canadian cases showed that numerous misunderstandings of 'fact' had been clarified in face-to-face discussions in a problem solving climate paving the way toward finding effective solutions.

In laboratory studies of a labour-management conflict Muench, through a series of personal interviews conducted on a private, empathetic and non-directive basis with representatives of both labour and management, as well as attendance at management and union meetings and grievance meetings, discovered that different perceptions of the same issue were held by each side. 8/

DIFFERENT PERCEPTIONS OF THE SAME ISSUE BY MANAGEMENT AND LABOUR

<u>Issue</u>	<u>Management Perceptions</u>	<u>Union Perceptions</u>
1. Fair Day's Work	The worker is to work at the rate of incentive pay.	The worker is to set standards for himself.
2. Co-operation	We want the union to co-operate in carrying out company policy.	We want to co-operate to help formulate company policies.
3. Collective Bargaining	We desire to bargain both with the individual and collectively.	As long as the company believes that there is only one right answer--their answer--collective bargaining is impossible.
4. Production	Production is low because the workers are not putting in a fair day's work.	Production is low because of poor equipment and mistakes in management of the plant.
5. Role of foremen.	Foremen are to use their judgment in administering company policy in the shops.	There is no real "chain of command" and the foremen cannot use their judgment because they are required to carry out the policy of top management whether they believe it or not.
6. Union-management agreements.	Once an agreement is made, the union attempts to countermand it.	Once an agreement is made, the company will not stick to it.

DIFFERENT PERCEPTIONS OF THE SAME ISSUE BY MANAGEMENT AND LABOUR

<u>Issue</u>	<u>Management</u>	<u>Union</u>
7. Function of grievance meetings.	To hear union grievances.	To hear mutual grievances, and for both parties to present points of view before they go to arbitration.
8. Future of the community.	Unless production increases by the workers the local operation eventually may be doomed.	The new management is less interested in preserving the local operation than the workers who have been with the company for many years.

Blake, Mouton and Sloma 9/ in a 'laboratory' experiment discovered the images which labour and management held about themselves and about each other.

MANAGEMENT'S IMAGE

<u>Of Itself</u>	<u>By the Union</u>
1. Concerned with running the business effectively.	1. (an issue not considered)
2. We show equal concern for production and people.	2. Management is concerned only with production.
3. Autonomous, decentralized decision-making body.	3. They follow all of headquarters' policies and dictates.
4. Want to learn to work better with international.	4. Opposed to all organized labour.
5. Prefer to deal with independent unions.	5. Prefer to deal with independent unions.
6. Strive continually to upgrade supervision.	6.
7. Goal is to establish problem-solving relationship with the international.	7. Their goal is to drive us out of the plant.
8. Maintain flexibility in areas concerning our "rights to manage".	8. Management wants power and control over every aspect of a worker's life—they are "fatherly dictators".

MANAGEMENT'S IMAGE

Of Itself

9. We are inconsistent in how we treat independents and the international.
10. Honest and aboveboard in our dealings.

By the Union

9. They treat the independents one way and us another.
10. They are underhanded and they lie.

THE UNION'S IMAGE

By Management

1. Little concern shown for the profit picture of the company.
2. They are skillful and have intense pride.
3. Controlled by a scheming professional leader and a minority clique.
4. Legalistic and rigid in interpreting contract.
5. The union pushes every grievance to the point of arbitration. When they want to establish a precedent, they want to arbitrate.
6. They want to prove they can "win"-- they don't care what, just so it is something.
7. They want to co-manage. They want a say in every decision we make.
8. The union wants the training of their people back under their control.
9. The union does not communicate internally. Their people don't know what is going on.
10. Union is concerned only with seniority and job security. They are not concerned with our problems.

Of Itself

1. Concerned primarily with people.
2. Proud of our craft and skills.
3. We are governed by the will of the total membership.
4. Approach problems and contract with open mind.
5. Do not want to have to arbitrate every grievance. We want to work them out with management.
6. We want good relations and to solve our problems with management.
7. We want a voice in those areas that directly concern us.
8. We want joint control of the training and apprenticeship programme.
9. Our people always know what is going on and what important union business is coming up.
10. We want greater consideration for our skills and what we can contribute to the plant.

Ed. It was observed by the author at a number of private meetings ^{in Canada} between labour and management representatives at various joint conferences that similar differences in perception about the same 'facts' was a common occurrence.

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Distrust, and resulting poor communications was due considerably, Meunch, Blake, Mouton and Sloma demonstrate, to such perception failures.

Meunch noted the minimum importance of specific issues and the maximum importance of the human factor. Joint discussion of problems in the past had only led to severe and fruitless wrangling between labour and management. Conceptual and perceptual problems had to be dealt with first, in order to remove the blocks to good communications.

Some perceptual differences^{however} are based on real differences of view, or concepts, and it will be necessary to deal with them before we can consider the effectiveness of an improved communications and behavioural approach. What you actually communicate will depend heavily upon what you believe to be true.

ECONOMIC CONCEPTUAL PROBLEM; NEEDED--A NEW LABEL

It is readily observed in today's labour-management confrontation and in past history that economic conceptions or 'ideologies' not only tend to set the direction of action by both parties but ^{also} add dynamic power to their action. Protestations to government, public statements by the parties and the very nature of conflict oriented, bargaining relationships demonstrate something of the ideas and concepts believed and followed by both sides and, at times, the lack of any clear concept at all.

The point has already been made regarding the failure of both labour and management to recognize their almost total common interest in productivity improvement and to act accordingly both for the economy at large and in their own interests.

Equally, if not more important, perhaps, is the failure of labour and management and the public at large to appreciate the "new economics" which cannot be described by the old epithets or eulogies--depending on the side you choose--"capitalism" or "socialism".

Two general characteristics have been observed. Management tends to fear and react to the intrusion of government in the market place and assumes, broadly speaking, that the aim of many political figures and the civil service is to place the market place more and more fully under government control.

Labour union officers tend to fear the market place;
suspecting that by its
very nature the market place will leave out labour when the 'spoils' of economic advance are being divided by market activity. Labour policy also tends to look to government to institute more and more social improvements while reacting to any attempt by government to set restraints

on wage increases. Management, conversely, turns to government for tariff help, tax reduction and so on, while, at the same time generally ^{financed} fear^{ing} that the cost of government/social measures will have a dampening effect on the economy.

who are

Apart from a few persons on both sides/well informed in modern economics and the social implications of the government's 'new role', which will be covered later in the paper, most ^{Canadians} appear hazy about the conceptual framework of today's new economy.

Two extremes positions are held by a small but voiciferous group in each camp. There are those in management who openly—but usually in private conversation or in pressures placed upon government in various ways—condemn any government intrusion into the economy and demand a return to complete, laissez-faire, free enterprise. Publically this position is seldom presented, although the recent statement of a large financial house 10/ broadly recommends this position, and significantly omits to mention the accepted social role of government. Labour demands, and government intervention become the 'enemy' of those holding these views.

Extreme positions held by a small segment of labour represent a socialist, sometimes marxist concept of a totally government-directed and largely government-owned economy. Management, and the capital they represent, is not only an 'enemy' in concept, but an enemy in reality, whose power must be removed and placed in the hands of a worker-farmer and now, student, 'participating' government.

Cross section discussions over the past two years with a number of undergraduates from different universities and with recent graduates has revealed that a surprising^{ly} large number pay some heed to the economics of the "new left" and the 'New Radicalism' and "feel" that a new form of economics is required even though most have little sympathy with the more violent pressures exerted by ^{extremis} elements.

In almost every case, these students had no training in 'modern' economics and no knowledge of the changes made in recent years since Keynes. In fact most of the students contacted held ideas directly ^{modern} contrary to accepted economics.

Robert Schwarzmann, student observer, writes his impressions of the 1968 Canadian Union of Students National Conference in the Carleton University Student Newspaper 1/~~4~~ as follows:

"...a majority of delegates reached agreement (on these propositions):

"...that Canadian universities could be changed only slightly as long as Canadian society remained the same....

"Canadian society is dominated both by American corporate imperialism and by Canadian corporate capitalism....

"...capitalism is authoritative and repressive.

"...in seeking a new 'socialist' system it is better to stand outside the establishment on an open opposition...while seeking roads to a fundamental transformation.

"...the 'new left' sees all bureaucratic power as evil...hierarchical Soviet Communism (is) seen as approximately evil as our own economic and social system. (One wing of this movement still maintains strong sympathies with the Soviet concept, ed.)

"...Cuba is the most perfect existing society.

"...government in western society (is) a puppet of giant American corporations...the scope and form of the new system which is to replace capitalism has yet to be defined...."

* References for the following section see p. 212.

The impressions created by the present university scene are: loud voices of the 'new left' and 'new radicals' advocating extreme economics and 'violent' methods; some strong student reactions to violent methods; considerable apathy to the whole business; and a complete vacuum when it comes to presenting a positive alternative to extremist economics, an alternative that suggests a viable route towards achieving basic social goals encompassing the findings of modern economics. Extremism is not only a response to problems but the filling of an 'idea' vacuum.

A survey initiated in 1967 by the Canadian Chamber of Commerce highlights the problem by showing up the paucity of economic teaching in Canadian high schools—although some moves are being made to rectify this. The fact is that Canada is turning out into the working world economically illiterate graduating classes from every level of education (university economics graduates excepted). Youths are thrown into the economic world to spend their years earning a livelihood with little or no conceptual framework against which they can evaluate their experience. Since a vacuum abhors a vacuum they can become pawns of propaganda when they join a work force, meet the vagaries of the marketplace in business, or gaze down with disdain on the spectacle of the market place from special occupations in the professions or in government work.

It has also been disturbing to meet with groups of second echelon and plant leaders of labour and discover that little or nothing is known not only about the nature of the economy but almost nothing about the nature and the recommendations of the Economic Council—a body on

which senior labour sits. In fact, one was disturbed by the extent to which certain prime economic assertions were strongly held resulting from newspaper or internal propaganda—concepts entirely contrary to some of the very basis on which the Economic Council's reports stand. Reports and interviews indicate that the same is true among ill informed segments of the business community.

The importance of achieving 'economic understanding' in labour relations is underscored not only by the evidence of communications and behavioural research, by the "Causes of Industrial Peace", 2/ and other studies, but also by a variety of situations reviewed in Canada, and a few beyond the borders.

Senior Dutch and Swedish union officials reported to the 1962 C.L.C. Niagara Falls Conference of National Canadian Union Officers, that both labour and management in their countries had come to a mutual appreciation of economics in general, if not in all particulars—including the important role of the 'free' market and of the government's place. This 'economic' understanding they declared, helped both sides to achieve workable solutions. Labour and management had learned to exercise their respective powers within a broadly acceptable economic framework.

The 6-year old, highly effective, Nova Scotia Joint Committee 2 u/ did not get off the ground until both sides had 'battled' out an 'economic understanding'. It is expressed in their initial six-point agreement in a simplistic form but one meaningful to the parties; labour accepts the need for management to manage and to make a profit while

management agrees to accept the fact and the role of unions in a market economy. Members of both sides report that the initial stumbling block of 'economic' misunderstanding had to be cleared before the rest of the agreement and the joint problem-solving committee could be established.

In a similar vein, the fundamental significance of the first national joint meeting of Canadian labour and management leadership at Queen's University, 1962, set up by the old National Productivity council, lay in the realization which came to both sides during the general economic discussions led by Dr. John Deutsch. It became apparent to the leaders present that Canada had available a viable economic framework within which both sides and the general public could achieve basic economic goals, providing the government pursued a carefully planned mix of policies in various fields. This breakthrough in understanding led to a joint and continuing demand for an economic type of council— which is now in being.

It has also been my observation that wherever effective joint consultation has taken place, there is, in considerable measure, a general union understanding and acceptance of the market economics under which a company must operate along with company acceptance of the union and its role.

The Fear Gap--At the present time, private discussions with a number of Canadian senior management representatives indicate that they believe that many top-ranking senior union officers are aiming at a 'socialist' style, government 'planned' and controlled economy, while not a few responsible senior union officers declare, privately and sometimes

publicly, that they believe that more and more Canadian management leaders are not only opposed to trade unionism but are prepared to work actively to keep or force unions out of their plants and offer no real co-operation where unions are present. Most management officials, they also believe, have no real interest in the social needs of Canadians.

Popular writers on the subject of a "Smug Minority" of leaders who, it is claimed, stand by while society's problems grow, and the "Vertical Mosaic" of the wealthy few who, it is also claimed, virtually control Canadian economic and other power structures to their own advantage, lend support to extremist economics when they neglect to mellow their attacks by providing factual evidence of the large and continuing advances made in Canada during the past 50 years towards achieving the social and economic goals apparently desired by the majority of citizens.

Attack on Middle Class: The widespread propaganda attack on the 'Middle Class' is an incredible phenomenon in the midst of the steady economic trend which is raising the living standards of the majority of Canadians and, in time, of almost all Canadians to the level of today's middle class prosperity. In 1951 nearly two-fifths of all Canadian non-farm families received an income of \$3,000 or less. By 1965, less than one-fifth of all Canadian non-farm families were still below the \$3,000 mark (in constant dollars) 3/. American statistics show similar overall decline in poverty levels. In 1963, for example, 9.8 per cent of all U.S. adult male negroes were unemployed. Today (September 1968) just over 3 per cent of this "high" unemployment group are unemployed.

Hard core unemployment, however, remains a serious problem along with regional unemployment and other economic disparity problems. Programmes are either underway or are being designed to meet these special situations--but will require time, money, and public concern.

SOCIAL GOALS OF LABOUR AND MANAGEMENT—CLOSER THAN REALIZED

The social goals of a large segment of labour, perhaps the majority, and those of a larger number of leaders of industry are closer together than either side admits openly.

The presence of representative leadership on the Economic Council and the observed results of a considerable number of private discussions between labour and management over a period of years support the claim. The social goals laid down in the Economic Council's first review were agreed upon unanimously. In numerous other private joint discussions, once confidence had been gained, labour and management usually were surprised at how closely they agreed on such basic social aims as full employment, rising standards of living for all Canadians, improving manpower adjustment programmes and so on. Only when faced with organization pressures, usually due to the kinds of communications failures observed earlier or when participating in formal meetings where commitments had to be made without the benefit of resolving communications and other problems beforehand, did the conflict pattern take precedence.

The height of rapprochement in Canada came during the first two years of the Economic Council's life, when there was much expectancy throughout the labour-management world that the Council would draw both sides into some new, more consultative and economically based relationship. That expectation was not realized as the Council had to concentrate ^{most of} its resources on economic ^{and a small amount of labour relations,} research, and leave the main promotional role to others, a task never picked up on any scale. Relations between both sides have hardened since that period, and some voices of labour and of management who spoke -

for improvements have turned back to conflict approaches and condemnation of each other.

Unanimity of social goals still exists, from recent conversations, but the lack of direct communications prevents realization on both sides. The quarrel is more over methods needed to reach these goals than the goals themselves, and it is caused, in the judgment of this paper, more by a conceptual failure about the nature of a modern economy, accompanied by a 'perceptual' failure about each other, than any other factor.

Labour leaders and organisations ^{usually} make known their social goals much more effectively than management through national and other organized labour bodies. They call for higher living standards, better distribution of income, improved social service benefits, and so on.

Management, in Canada, has tended to hold back from promoting these goals in public, fearing, presumably, the cost. In the United States, however, immense efforts are being made by industry to promote urban renewal, employment for the hard core unemployed, etc.

More and more management leaders in the U.S. are also calling businessmen and business institutions to take concern for social needs through a succession of articles in representative journals such as the Harvard Business Review and the studies of National Industrial Conference Board. 4/

"The modern corporation has evolved into a social as well as an economic institution," said David Rockefeller, President of Chase Manhattan Bank, N.Y., speaking to the 50th Anniversary Convocation of the National Industrial Conference Board. 5/

Reporters wrote that the various speakers at the Conference of 1,000 U.S. business leaders were generally agreed that the three principal challenges to modern capitalism were (1) adjusting to increased government intervention (2) finding ways to control inflation (3) learning how to apply the techniques and spirit of profit-seeking industry to social problems at home and economic development abroad."

In such a world, the term 'capitalism' hardly describes the full economic reality.

Walton and McKenzie 6/ judge that "on balance, however, social beliefs appear to be evolving in a direction making co-operation more feasible...." and "The general story of collective bargaining during the past 20 years in this country has been a general movement from conflict toward accommodation and, in some cases, toward co-operation....".

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"The Socially *Directed*, Market Economy"

Is there an economic philosophy or ideology under which labour, management and government can effectively plan, act, co-operate and compete, and within which the general public interest will be served?

It is the contention of this paper that, at the present stage of Canadian development, we have at hand such a viable economic framework, which for labelling purposes shall be called "The Socially Directed, Market Economy". It is a relatively new economic development that is little understood or appreciated by the public or by the bargaining participants.

Brief Historical Development

Our 'new' economy is not a static formulation but more of a dynamic and a pragmatic organism. It is the product of many different developments including the greatly expanded capacity of the industrial economy of the 19th Century to develop wealth along with the rise of ideas of social justice during the same period which has been sought in Britain and other countries to be brought about by means of fair taxation, transfer payments for needed social ventures such as education and welfare, coupled with a developing knowledge of supply and demand market economics. The work of Britain's economist John Maynard Keynes, who in the 1930's brought forward the concept of the government's role in maintaining high employment in the economy through the use of monetary and fiscal policies, was a major bench mark in the history of modern economics. The social drive to reach our present position derived, perhaps, from the tragic experience of the Great Depression in the 1930's, after which large unemployment levels became unacceptable to the general public and to governments.

The British Beveridge Plan for post-war, total, cradle-to-the-grave social security, published during World War II, had some influence on Canadian thinking, but the work of Keynes and post Keynesian economists would have to be given the place of priority.

Under the chairmanship of Dr. W.A. MacKintosh, then Canada's Director General of Economic Research in the Department of Reconstruction and Supply, a paper was prepared for the Cabinet in 1945 entitled "The White Paper on Employment and Income", 1/ which, influenced by Keynes and post-Keynesian writers, suggested a mix of government policies aimed at achieving high employment and other goals.

Some of the recommended policies were adopted during the reconstruction period but more serious attention was not given to the 'new economics' again until almost the 1960's.

Since the war, Western Europe and, during the past eight or ten years, the United States, as well as Canada, have given the 'new economics' an increasingly central place in government policy-making.

The Honourable William Lyon McKenzie King provides an interesting sidelight in the development of Canada's social orientation without, one suspects, understanding the 'new economics' too thoroughly. Writing in his diary on July 29, 1944 about the House of Commons discussion of the first family allowance bill, Canada's then Prime Minister commented "...the Family Allowance Bill will have an enormous effect in other parts of the world.... The whole campaign...(to achieve it) will arouse peoples in all countries to the new conception of industry being in the nature of social service and the right of all the people to their

share of the transformed natural resources which God has given the people as a whole.... It is truly a conception that will help to bring in a new order, and which will help to give to the lives of the humble the world over something of the dignity which God has meant those who have been made in His image to possess." 2/

U.S. economist Walter Heller, in tracing the history of the change in American government policy towards accepting responsibility for the nation's economic stability and growth "through an aggressive fiscal and monetary policy" criticizes the rise of the term 'new economics'. It is, he insists, more correctly "a completion of the Keynesian Revolution" thirty years after Keynes had fired the opening salvo. 3/

The Framework of a "Socially Directed Market Economy"

For the everyday use of union and management and the general public, there is a need to fit the seemingly vast complex of modern economics and finance, business and government action into a clear brief statement. The following is suggested as a starting point:

1. Governments have assumed responsibility for ensuring that the social goals outlined in the Economic Council's Act—full or high employment, with rising standards of living for all Canadians and a more equitable sharing of increasing wealth—are being met by the economic system through the use of a mix of public policies conceived for the above social purposes, but exercised with prudence so that market forces can function efficiently.

2. Private organizations representing labour, management and capital are principally responsible for the development of wealth through the productive use of resources in a 'free' market which operates within the boundaries set by the government's social policies. These policies are designed to bring about the optimum development of wealth required to finance social advances by assuring that individuals and organizations engaged in the market can meet their needs while stimulating creativity and effort. Canadians, in this process, can and should expect to reap the advantages of a 'free' market system for which there is a general approval among western world economists. A market system encourages widespread creativity, spreads economic and social power and makes those millions of necessary decisions on prices, costs and production through supply and demand pressures without need for vast, costly and now proven inoperable bureaucratic controls. The 'free' market system, for all its faults and critics, allocates resources more efficiently, economists assert, than any other technologically advanced system which has as its primary goal, the satisfaction of consumer needs.

Policy Methods: Government social policies are designed to encourage continuous economic growth at a pace necessary for high employment. This is accomplished through various fiscal and monetary policies such as tax increases to offset inflation or tax decreases to speed up general demand during an economic slowdown.

Special policies are also set up to alleviate problems created by the ebb and flow of the market forces such as unemployment caused by technological change, and area deficiencies by the use of insurances,

pensions, economic aid funds and other programmes. Through anti-monopoly and other legislation the government also attempts to make the market as effective as possible in developing wealth out of the labour and equipment used for production while maintaining or improving working conditions with legislation on such matters as safety regulations, and minimum wages.

3. Economic Research: Economic research is of key importance in "The Socially Directed Market Economy". The work of the Economic Council on medium- and long-range policies, studies of the Department of Finance, the Bank of Canada, and growing experience in 'operating' the economy becomes essential for spotting 'problems' and designing suitable remedies to improve the general economy. Research by corporations and private institutes is also necessary. Continuing future improvements can be anticipated unless outside or unknown factors intervene—or should the parties involved in market and government go too far beyond the reasonable limits afforded by this system.

4. Adequate Consultation and communication of information between government, labour and management is essential for the effective operation of the system. The Economic Council and other federal and provincial agencies and programmes are part of the necessary institutional framework for communications and consultation between the participating parties.

Advances: Sustained economic growth, transfer payments from taxation for education and social services, labour union efforts, and private company social and economic policies have resulted in a larger share of the wealth generated in the 'free' market being shared by the average Canadian than ever before. In 1951, to repeat, nearly two-fifths of all Canadian non-farm families received an income of \$3,000 or less. By 1965, only about one-fifth of all Canadians were still below the \$3,000 mark (in constant dollars). The American picture is parallel. In 1963, 9.8 per cent of all adult male negroes were unemployed. Today there are just over 3 per cent unemployed. Basic poverty is being reduced with certainty, if not yet with sufficient speed, according to some political and social thinking.

With special attention now being given to the persistent areas of poverty--and the above/^{reduction}trend continuing--there is every reason to believe that real poverty can be substantially reduced, if not eliminated, in the next ten to fifteen years, barring unexpected national or international catastrophes.

When properly understood on all sides, and effectively managed,
the 'new economics' permits management to plan and act without undue
fear of government 'control', and labour, at the same time, to participate
more freely in moves designed to advance the economy without unduly
fearing the market system. A co-operating, consultative relation-
ship between governments and the private sectors, labour and management,
however, is clearly
/ essential to make the system work effectively.

Some Cautions: Since man is also motivated by many things other than an economic system can supply, such as power, fear, love, hate, adventure, ease, loyalties, ideas, faith, there is no guarantee either in history or research, that satisfying his economic needs at a given time will either pacify his desires for more goods and services, nor will economic ^{gains} necessarily mellow these other motivating factors which can be the cause of serious dislocations as they have been in history, not only within the ^{also} economic apparatus of a country but within the general community between individuals, ^{between} leaders and the led, between groups and between nations. Men may have to find a deeper meaning to life itself,—a greater purpose—and certainly more knowledge of the very nature of man and how to deal with the often surging conflicts within the inner being before non-economic problems can be met. Life will not be without its challenges, if only because each new generation brings a new group of leaders and the led who never in history have fully accepted all the lessons learned by their predecessors nor all of the formulas and institutions provided by past experience.

Some Challenge: Man is at his best ^{and} in full use of all his resources when he faces supreme challenges. The opportunity to find a new route, not just in labour management relations but in man's relationships with man throughout the whole earth is, beyond doubt, an all too awesome challenge in today's confused conditions—but one that offers no other choice than to accept — with confidence.

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Next page 222

CONCLUSIONS AND RECOMMENDATIONS

The remedies suggested by this study have different levels of application.

Total application is, of course, recommended with its implications for national provincial and local levels of labour, management and government. These programs have, of course, immediate in-plant application.

For those who cannot accept the concept that the mutual interests of labour and management are immensely greater than those over which they quarrel, and ^{who think} /that conflict must remain the fundamental point in the two party relationship, the findings which have been presented can have useful application nevertheless. There can be no quarrel with the need to establish the facts of a situation more clearly through improved communications and consultation so that both sides are dealing with reality, not fiction, when they line up in bargaining.

Better communications within each organization will also improve the solidity and effectiveness of the bargaining groups.

Since the majority of those engaged in collective bargaining will agree that there are some limits to the amounts being bargained over, there surely can be agreement between both sides to try to ascertain, through an improved understanding of economics, what are the limits within which the power struggle should range.

If the limits are made clear--and ^{are} /properly communicated, it will be easier for both sides to accept a 'workable' and

economically sound settlement. Labour leaders would be under less duress to exert extreme pressures for the impossible, and management more free to accept the importance of social goals.

For the conflict minded, there can be little argument against the use of communications and behavioural knowledge to generate an improved operating relationship between labour and management at the plant level-between periods of contract negotiation.

All of the above 'conflict' limitations are based on some measure of agreement between labour and management on the need to improve their communications, attitudes and behaviour toward each other.

However, in many cases it would be difficult for labour leaders because of the state of distrust of management within the labour force, or the uneasy political climate within the union, to announce that they are taking a 'new' problem-solving, collaboration approach.

In two of the cases examined, labour and management leaders were pursuing a problem-solving approach in frequent joint meetings, but the union officers insisted that the purpose be kept secret due to rank and file suspicion, until such time as the evidence of the value of the improved relationship had changed the 'climate' in the shop.

Management Initiative: Management, nevertheless, can take the initiative alone.

This has been the starting point of a number of the cases reported. Once convinced that management has taken on a different attitude and it shows in the various levels of relationship from foremen

to the bargaining team, the realities of human behaviour and the values received from better communications come into play. Labour leaders increasingly accept the evidence, finding this 'new' route a more satisfactory one, as it also becomes increasingly accepted by rank and file union members. Acceptance, however, may not necessarily come quickly.

A Joint undertaking from the start. is highly preferred, of course. Importance of Local Level Changes

Since local level bargaining and its cumulative effect is the fundamental base of all Canadian labour relations no matter what is done nationally, a major task must be performed in plant-by-plant, office-by-office confrontations. For the most part, developments may depend upon the initiative of management, an initiative each company and its local union unit are free to take under the Canadian system, if they choose to do so.

The cumulative effect of creative changes in more and more individual, company-union relationships will exert an influence on the policies of national organizations and on requirements for

legislation—provided these changes take place on an increasing scale. And no matter what the cumulative effect may be, each company and union adopting a problem-solving approach will gain for themselves the benefits.

Public Service, Union Management Relationships

All of the communications and behavioural approaches recommended have validity in public service relationships. In view of the inherent consequences of any shut down of essential services, the application of

this knowledge to the improvement of general labour-management relations within public bodies, by removing unnecessary irritations, may be of even greater importance than in private industry.

For bargaining purposes, effectively communicating throughout the public service the relationship between the public service and the country's private wealth-generating, production apparatus, a relationship which ^{should} inhibit the public service from leading the wage and income parade and ^{lead it to,} confine itself to keeping pace, would seem to be essential.

EDUCATION IN ECONOMICS, COMMUNICATIONS AND BEHAVIOURAL KNOWLEDGE

The Canadian Chamber of Commerce has given ^{economic} education the highest possible priority in its 1968 annual recommendations. Discussions with senior labour representatives also indicates their concern with economic education.

Labour, however, has a special problem when it takes on broad educational responsibilities. As their spokesmen agree, labour lacks a sufficient number of personnel with the training and the time to handle far-reaching, educational programmes. Available time is a serious obstacle. The pressure of bargaining, organizational problems, attendance at required functions and other duties leave labour representatives with few, if any, free hours for educational matters.

Nor does labour have the funds or the mechanisms to reach down to individual plant levels, except in a very scattered way. Their constituency is far-flung and, except for a few large plants, split up into ^{small,} several thousand/local units.

Responsibility for economic education must, then, rest more heavily with other organizations and institutions and with management at this time. A number of companies have attempted economic education for their employees (see pages 187 - 188). These programmes tend to wax and wane with changes in management and emphasis. Methods used have included printed information in regular plant newspapers, internal training conferences, and regular presentations to all employees by top company officials in a series of meetings once a year or so, e.g., the General Electric programme, pages 188. There is some evidence to indicate that these programmes have helped to strengthen the ties between labour and management over the problems of production and sales in our type of economy. Company officers also report that employees generally have come to accept the yearly reports as a factual and fair presentation of the marketing, production and general economic issues, since, for the last 10 or 11 years, events have borne out the facts given in the presentations.

Some advances also have been made by education bodies and joint bodies like the Nova Scotia Joint Committee (page 205). Much, much more is needed now on all fronts.

Joint Economic Courses

A proposition was made public a few years ago that the time had come for both sides to use the same 'text book' of economics. Efforts were made by the University of Western Ontario in 1963 to establish a joint course of this kind. Senior individuals from both labour and

management groups proved willing, but the hesitancy of a national management organization (it was thought to be temporary) shelved the move.

The advent of the Economic Council in 1963-64 also caused some caution at a time when interest remained high, not only for joint endeavours like a course, but for a 'new' approach in labour-management relationships across Canada, due to the fact that it was generally anticipated that the new Council would become an active 'promotional' agency for new industrial relations practices and economic understanding, as well as undertaking its primary task of developing economic research and formulating government policy recommendations through an annual review.

The Council decided, in time, and as it grew more experienced in its task, that the demanding work of research to be completed each year in advance of the annual review would have to occupy almost all of the time and resources available, if the job was to be done satisfactorily. It was feared, too, that the task of promotion, with its numerous and necessary confrontations, might endanger the delicate balance of understanding required among labour and management members of council in order to achieve agreement on economic policy statements and recommendations. Basic research in labour relations, and policy recommendations were, however, considered appropriate fields of work.

The 'tide' of interest in this field, which had been generated by the Economic Council's predecessor, by early expectations of the new Council's action, by spokesmen from labour and management individually and to some extent by their organizations, and by the action of provincial joint councils and a few much publicized company consultation programmes

such as Domtar's, was not "taken at the flood" and soon began to "ebb". The "ebb" was helped on by a number of factors including the conflict between the C.N.T.U. and the C.L.C., economic cyclical changes which put wages and profit relationships askew -causing increasing demands from labour and subsequent management reaction, and a general unrest within the labour movement.

As has been pointed out in earlier material, a number of provinces, through joint councils, and, apparently, a growing number of companies have maintained the early direction or have recently moved to a problem-solving consultative programme. Encouragement by the Task Force to move in these directions could be a welcome stimulant.

Training of labour and management officers in communications and behavioural knowledge has been discussed. It has but scratched the surface.

RECOMMENDATIONS:

Education in Economic, Behavioural and Communications Knowledge

It is recommended that the Task Force outline various means by which the realities of modern economics as well as communications and behavioural knowledge can be made known, including:

(a) Senior political figures urged to give more public attention to the conceptual nature of the economy—"The Socially Directed Market Economy"—as well as its continuing progress and problems.

(b) National management and labour organizations encouraged to assist and to stimulate provincial and local organizations, but particularly individual companies, in co-operation with unions whenever possible, to conduct economic educational programmes to reach all levels of management and labour, particularly in the individual plants where union officers and all employees can be included, through presentations and consultation processes—in a running appreciation of the operational and market problems of the company in relation to current market and general economic problems.

Foremen, stewards and other managerial and union officers who deal directly with each other should receive more extensive training in economic understanding, so that labour relations problems may be faced and resolved together against a background of economic reality. Training in behavioural and communications knowledge is also vital for these two groups who are in continuous association with each other.

Preparation of course material and an annual simplified version of documents like the Economic Council's Annual Reviews, similar to the

Northern Electric Company's yearly summary, will be essential to facilitate a broad educational programme. Material could be prepared under the direction of the suggested National Joint Council, or the Federal Department of Labour in consultation with this body and the Economic Council, or with the private sectors in some other manner. The U.S. Federal Mediation and Conciliation Services, for example, have prepared a wide range of course materials for the "Preventive Mediation" program

(c) Adult education associations to employ T.V. time and other means to promote economic understanding.

(d) All educational institutes encouraged to begin economic orientation programmes so that every youth leaving school at any level will have some basic appreciation of the world of work into which he is flung.

(e) Joint economic study courses: Suggest that one or more key educational institutions conduct week-long or extended week-end seminars on the basics of modern economics which, to begin with, the most senior representatives of both labour and management would attend.

(f) Management to be encouraged to study and seriously consider the adoption of the new employee-sensitive management concept at all levels of their organization, especially at the levels of contact with non-management employees and union officers. A problem-solving approach with employees and trade union representatives ^{in matters} from grievance handling to bargaining is also to be encouraged as a necessary part of the new management style, designed to emphasize the production partnership and to try to integrate more closely the goals of the partners--while limiting power bargaining within a realistic economic range beyond which both sides would be hurt.

National and Provincial Initiative

Considerable evidence has been derived, from discussions with representatives of labour and management from individual plants in Nova Scotia, to suggest that the success of the joint provincial committee and its yearly promotion and joint consultation conference with leaders from across the province has brought about an improvement in communications and general relations between labour and management in a number of local plants. The experience has been repeated in other provinces.

Similarly, the Domtar consultation experience and other cases grew out of the national conferences of the old National Productivity Council.

The governments of Nova Scotia, Manitoba, Alberta and P.E.I. have developed particularly useful consultation programmes--usually conducted in private--with labour and management on proposed changes in labour relations legislation, in advance of any final decision on the contents of the change. These governments have also sought joint and separate consultation with the private groups on special problems which have arisen, ^{have} or/asked for study or proposals. This has been done either through the formally established bodies such as the Manitoba and Nova Scotia joint committees, or through specially arranged meetings, as in Alberta. Ontario and other governments have tried similar processes (See Study No. 56 - Task Force). Not only have these procedures brought about improvements in legislation ^{they have also} through the gathering and exchange of information, but led to greater acceptance and improved workability of the legislation, once enforced.

There are a number of notable instances of serious reaction to legislative acts because no prior consultation took place with labour and management. No one foresaw, in advance, the adverse effect.

RECOMMENDATION--A NATIONAL JOINT COUNCIL

It is recommended, therefore, that a national joint council of labour and management be established to:

1. Study how to make bargaining and general relations more effective for those areas under federal jurisdiction,
2. Set up an education programme to promote and stimulate the study and use of its own recommendations and other material such as the Economic Council Reviews throughout the labour-management community. To facilitate their educational programme, a yearly round of conferences should be encouraged at both federal and provincial levels/^{to be} attended by a broad cross section of management, labour, government and university representatives, possibly conducted in association with universities. Special industry-wide conferences with groups like the railways would also be valuable.
3. Provide guidelines which might influence provincial responsibility.
4. Act as a sounding board, or prior-consultation-mechanism for federal government legislation and action in the labour relations field.

Encouragement of government use of other prior consultation methods is also recommended.

RECOMMENDATION—CHANGES IN DEPARTMENTS OF LABOUR AND MANPOWER

The success of the U.S. Conciliation Service's training and promotional programmes designed to encourage problem-solving approaches, and executed through their field officers; the evidence of the outreach of management courses and provincial bodies such as the N.S. Joint Committee in stimulating better relations within individual plants; the known effectiveness in particular cases of the work of the Manpower Department's Manpower Consultation Service and the Department of Labour's Labour-Management Consultation Service, and the Conciliation and Arbitration Branch; plus the evidence from behavioural research and experience that certain techniques and approaches can be effective, point up the value of an 'educational', promotional, catalytic type programme.

It is therefore recommended that the Federal Government services which are set up to deal with various aspects of the labour-management relationship be combined or closely co-ordinated under an overall primary policy guideline, namely: -

- to stimulate, promote and assist in the development of problem-solving, economically oriented relations between unions and management and between management and employees at all levels of contact.

This will require a basic acceptance of the need for such an approach at the policy-making levels of the government departments, the training or retraining of all field and planning staff in the knowledge and practical usage of behavioural and communications sciences, and the hiring of specialists in these fields with experience in their application to labour relations, ^{of} or practitioners who have applied them

effectively in industry. Since a great weight of responsibility lies with management in developing these approaches, it will be important to see that men both trained and capable of working with management at all levels in the field are employed in the departments. Various universities are available to assist with training in the new styles of management.

The re-orientation of the various services will probably be required in order to give priority emphasis to such a new policy direction. Each field officer, whether his contact with labour and management resulted from a request for conciliation, for a manpower study or^{for} the setting up of a joint committee, would act to encourage both sides to try out the various problem-solving approaches and economic training programmes which have been outlined, with an offer to provide training and assistance-whether it be in improved methods of consultation prior to, during and after bargaining, new employee oriented management techniques, various joint consultation processes, effective foremen-steward grievance handling, or the provision of manuals for in-plant labour and management training in effective labour relations.

The most important service might be the provision, or financing of a study of all aspects of relations within a plant, upon request, in order to advise both sides on approaches most suitable for the particular situation in order to bring about a problem-solving relationship.

Combining all services: To be most effective, all the services in these areas should be combined into one department, preferably the present Department of Labour.

Name change: With such a primary purpose in mind, it is recommended, following the suggestion of P. Malles, that the name of the Department of Labour be altered to Department of Industrial Relations. An 'Industrial Relations' section in the Department is also a possible solution.

If it should be the government's desire that labour in Canada be represented in the Cabinet through a department in the same manner that industry is represented through the Department of Commerce and Industry, then these ^{recommended} services, which are of equal importance to both labour and management, should be set up as a separate entity, either in a department designed for economic and social development or by itself in a manner which will best allow them to be effective, possibly working under the Department of State, the Privy Council Office, or as a Crown Corporation.

Caution: In any re-orientation of services along the lines mentioned in this study with emphasis directed to problem-solving approaches, care must be taken so that the difficult tasks of conciliation and mediation in crisis situations—which seem to be always with us—do not draw the total emphasis of the services away from the primary role. Constant immersion in conflict can easily change the participants' orientation, unless great care is taken.

APPENDIX "A"

CANADIAN CASES

CANADIAN CASES

PEOPLE IMPORTANCE - THE STORY OF
ALCAN'S KINGSTON, ONTARIO PLANT

A ten year experiment at the Kingston, Ontario fabricating plant of the Aluminum Company of Canada puts into practice up-to-date communications and behavioral theories more completely perhaps than any operation closely examined in this study. Application of the key theories studied in this report not only sets the character of the relations between this company and its employees - and their unions - but demonstrates some striking, almost revolutionary changes in organization and managerial practices. Of the plant's 2000 employees, some 1300 are represented by the United Steel Workers and 300 by the International Association of Machinists.

Historical Background

The new process began in 1959-60 when M. Williamson, now a Vice-President of the Company in Montreal, took over as works manager after a number of years in shop supervisory positions with Alcan's Shawinigan and Arvida, Quebec works. As an up-and-coming, traditional-style manager, Williamson in 1953 gained considerable insight into the reasons for previous successes and failures as a manager while attending a company sponsored, case study, management development

course conducted by a Harvard University Business School Professor. Challenged by the course presentation and its emphasis on the importance of people in production Williamson reflected that many of his successes as a manager had occurred when he had consulted fully with his subordinates in planning and executing programs. Failures on the other hand, had frequently followed traditional order giving, non-consultative techniques. Among other incidents, he recalled, for example, that a program of placing signs around the plant exhorting workers to improve quality had failed while a personal, two-way discussion with each operator on the importance of quality led to significant improvements. The importance of using top grade managerial talent was also stressed in the course.

On return to regular work, the plant manager was observed by Williamson to be following the principles stressed in the course to a considerable degree himself but was not theorizing about nor training his subordinates in its methods.

A period of experimenting with these new ideas followed while holding various supervisory and managerial positions at the Shawinigan and Arvida Alcan plants. The ideas were further fashioned and sharpened in additional courses and management development programs including "T" group and other human relations programs both before and

after coming to Kingston in 1959, where within a year or so Williamson took over as works manager.

In summary, the following principles provided the base for changes at Kingston: people respond positively to being treated as responsible persons with an essential contribution to make to the well-being of the enterprise within which their own well being would also be served. Face-to-face, problem solving approaches, training and proper selection of managerial personnel are also essential, along with full recognition of the role of the union and full, two-way communications. In practice, this approach calls for the pushing of decision make down as far as possible within the organization.

Steps taken by Williamson and subsequent managers at Kingston followed a logical progression once the concept of removing some of the traditional "controls" over hourly rated employees was instituted, controls, which, it was realized, employees often work hard at circumventing while their full potential, which is only given voluntarily, remains largely untapped. The staff of the Company's Vice President of Personnel in Montreal, Jacques Gagnon, strongly supported the Kingston program with professional counsel and training assistance.

Until 1959 Kingston Works had been operated by a respected, autocratic style of manager, who virtually "ran

the whole show" and was effective within the limits provided by these methods which were considered sufficient and fully acceptable in those days. Management development at the plant was generally confined to introducing new, highly qualified technical men into technical departments; then moving them over into management roles throughout the production system. Little training in the arts of managing and people orientation was provided. It was a topside planning and down directed system with line managers totally in charge. At the same time, the introduction of trade unions in 1945 was accepted by plant management and reasonably good relations with both the Steelworkers and the Machinist Union developed at an early stage. Throughout this period a former plant man, well known and trusted by employees and union officials was the Personnel Manager and still remains so. By 1959, however, increasing competition had placed pressures on the Kingston plant which had to be met. The company's fabricating operations were beginning to lose money.

The Changeover

A long series of changes took place and continue to this day - some still experimentally. They are recorded here in a general and extremely brief form not necessarily in order of introduction or importance nor is the length of time required for introduction stressed. They have occurred

over the past ten years.

Managerial Placement

Early changes under Williamson's direction called for the development and placement of managers who were both gifted in the art of managing and people oriented while some of the previous technically oriented managers were placed in technical assignments where their special excellence would be used to the full.

A careful audit was first made to assess the abilities of current management for personnel and training requirements. Training in management skills, human relations, industrial engineering, and all the arts and sciences needed in modern plant management followed and has been a continuing program since the start of the changeover.

Organization and Function Changes

(a) Decision Making Lowered

In a step by step process, production decision making has been lowered to general employee levels in matters which lay within each level's range of accomplishment. Initially, foremen were encouraged to take full responsibility for all matters under their control and to delegate more and more responsibility to the workmen under them. The role of the personnel department and its confidence-creating manager was altered. Plant supervisors had a tendency to call in the personnel man to deal with

most of the personnel problems as they arose on the floor. Now, foremen were required to settle issues with their men and union officers directly as far as possible: in other words, to relate problem solving more directly to the work and place of work.

(b) Staff Roles

Pushing decision making down called for full use of staff services by foremen and workmen themselves on the job. Organizational Manager and industrial engineering specialist, A. Balsom, conceived the system to make this possible. In general, the old system which made line managers fully accountable for decisions has been altered. Now, staff men move directly onto the job and work closely with the men themselves.

(c) The Foreman

In general the foreman's role has developed into that of a co-ordinator who makes certain that all materials, services and information are available. Over a period of time he has become essentially a trainer and leader at the place of work instead of a 'boss'.

(d) The Workman

The workman himself now exercises a large measure of control over his own job.

A team effort has been created whereby the technical staff people appear to have the satisfaction of being

able to play a direct part in decision making along with foremen and workmen. All are expected to make an input of their knowledge. It avoids much of the time worn line and staff company - workmen clash. It tends to centre interest on the work problems, not the problems of status and organizational boundaries, which are hard to define properly in modern, technically-oriented operations in any case.

Market Orientation

Canadian Alcan management knew, in theory, that gains for both management and labour are dependent on a company's success in the market through cost of product, quality and salesmanship, and that an overall appreciation of the purpose of a job is necessary for achieving high motivation. Production workers and all management, therefore, ought to be market minded. For many years sales and production were completely separated in the Kingston operation. There was little real co-operation between them, and frequent, costly bickering. Production's resistance to sales demands for faster deliveries, and salesmen's lack of concern for production problems is a common industrial malaise. To relieve the problem, in 1967 each of the three separate aluminum fabricating processes - the foil, sheet, and extrusion mills were united with their own sales groups organizationally and with their counterparts in other Alcan plants in Canada. Production and sales

in each case now come under one person in a fully-accountable unit. A conscious effort has been made at the plant level to refer sales problems such as quality or delivery date directly to the workmen in the production process as well as management. Salesmen with problems sometimes come directly to the production unit to talk over a customer's difficulties with the workmen. Occasionally a workman is sent out to a purchaser to examine why a part which he has produced will not suit or fit. New sales orders and changes in orders are also discussed with the workmen affected before production begins. Discussions at the plant indicate that production workers and managers now feel much more closely related to the sales effort than in the past.

Consultation

As noted, production changes or new products designed to meet a market demand are now discussed in advance with the workmen to insure that specifications are clear and that the sales groups and plant management appreciate the production difficulties. Changes are also discussed long in advance with the union committee and their ideas welcomed. In the planning of a new plant in 1963, not only the technical personnel, but foremen and operators were involved in a team effort to develop the most efficient machinery and work place, while giving high priority to people considerations. In fact, continuing consultation

with all management, staff and workers involved in day by day problems is the routine, not the exception.

Job Enrichment

In the new plant above, machines and work were team designed to enrich or enlarge the work and responsibilities of individual workmen whenever possible. Operators, who used to be confined to operating a machine now set up their own machines, operate them and then inspect their work. The inspection department has been removed and people assigned to other work.

Throughout these changes, workmen have had an opportunity of upgrading themselves through training and experience to levels of higher pay and responsibility. Not everyone, of course, has wanted added responsibility and those who chose to do so have remained at their initial level.

Training

Supervisors, staff and operators for the new plant were picked in advance and given special training designed to develop a cooperative atmosphere and an effective team effort. Operators were trained in technical elements of the staff's work, while staff specialists were directed to consider human values along with their technical specialty.

Paperwork and "Controls" Remained

In order to encourage employee contributions and to reduce costly, restrictive, non-productive red tape, paperwork has been reduced to a stark minimum and various kinds of controls have been removed. Workmen, for example, can draw tools with only a signature required. Production units now exercise more control over their own spending. Routine reporting is greatly reduced; only exception reporting is required as far as possible.

Rules and regulations are kept to a minimum. Each person or "team" is encouraged to "do what makes sense in the circumstances" rather than blindly adhering to rules and regulations. Quickly organized, problem-oriented discussions among the people involved in a plant difficulty usually result in paper free, speedier decisions. Staff groups are required to provide accurate figures and precise technical information for this decision making process.

It has been found under this system that attention can be directed more fully to the primary problems of production and coordination of effort. The atmosphere has permitted and stimulated people to put their creativity to work more freely and more directly into the work task and provided the satisfactions of seeing results directly accrue from efforts made and from the fact of participation in decision making.

Production Standards

Rates of production, quality etc. are also set in discussions with the operators and are designed not to "control" but to identify problems. Real production control lies with the operator who has responded positively to the responsibility.

Suggestion System Removed

In order to facilitate exchange of information and enhance the team effort, a long standing system of payments for individual production improvement suggestions has been removed.

Communications

The consultation processes discussed above are, of practical, course, two-way, communicating mechanisms. Senior management at Kingston consider that one of management's major roles is to feed back production, sales and general company information to the men while encouraging and heeding employee information, suggestions, complaints, etc. To accomplish these goals, a variety of communicating programs exist. Company and Union officials meet at least once a month, at which time all facets of the operation, future plans and any and all problems on the minds of people on either side get thoroughly aired.

The management system itself calls for regular meetings of all staff heads and all levels of production

management. Changes in production and matters of importance to the work effort are discussed before implementation with the workmen involved - either informally on the job or in special meetings with foremen, staff, sales and any other personnel related to the issues. One department shuts down its operation four times a year to hold meetings with all department management and workmen at which time production, plant and company progress is discussed in a free question and answer discussion.

A yearly meeting on the "state of the Union" is also held for management followed by a social occasion. Consideration is being given to extending this to all employees.

In short, people at all levels are actively encouraged to speak up, ask questions and contribute their knowledge. A climate conducive to good two-way communications is consciously and constantly worked at.

Union Relations

During the years prior to the changeover, company-union relations followed the power struggle concept although they were seldom acrimonious. Management centered its attention on retaining every possible "management right" while the union sought more and more rights and powers contractually. Countless hours were spent wrangling over precise interpretations of clauses in the contract or mere

words or phrases.

Today, emphasis has shifted towards common objective and problem-solving and away from the 'power struggle'. The extent of this shift gives the Kingston relationship its unique character.

Real union power remains, of course, at Alcan's Kingston Works but the need to demonstrate it is only seldom felt. When the Company raised the question of a seven-day shift, work week in the last negotiations, the Company's desire for ultra efficiency and employees desire for a suitable way of life proved incompatible on this point. When negotiators could not agree on the extent to which employees would be willing for a seven-day work week, the Union called for and got a strike vote on this issue. Additional discussions and negotiations led to a settlement. Negotiations on pay and benefits, it would be noted, have given employees better than average and in some respects the leading area rates.

Formal Grievances have been virtually eliminated and average only three a year, with about one arbitration every several years. But thousands of problems and issues are grappled with informally and openly and resolved between workmen and supervisors or Union and Company officers. No doors are closed. Arguments are sometimes hot. Both sides occasionally agree to set aside thorny issues for a time

until more thought, additional experience or mere passage of time will lead to a solution. A high degree of mutual trust is evident; both union and management leaders credit this trust with an important role in achieving their effective working relationship. New employees and new management persons sometimes cause problems when they enter the system from outside bringing with them conflict-oriented attitudes or authoritarian management styles from their former places of work. Both sides report, however, that the general climate usually brings new men to adopt the prevailing consultative methods in a reasonable period of time.

Contracts' Role Reduced

In line with the problem solving approach, it has been found that problems are now being solved more and more without reference to the strict wording of the contract. Both sides now refrain from attempting to fill the contract with rules, provisions and regulations which can never satisfactorily cover all of the constantly varying problems in a changing plant, allowing each side more room to manoeuvre in the face of problem realities. Since both sides have become problem-solving oriented, the contract has been regulated to background protection.

Mutual Goals

It can be said that, for the most part, Kingston employees individually and collectively, have accepted the

need for production, quality and productivity improvement goals, recognizing their own essential dependence on the operation's success in the market for continuity of work and increases in benefits and income.

Conversely, the company has accepted the importance of respecting employees as persons of worth, with a contribution of importance to make, and with whom they team up, along with their unions, to create efficient production facilities and with whom they are prepared to bargain in good faith.

Time Clocks, The Inspection Department and Hourly Wages
Removed

As the new approach grew in effectiveness, an important question was raised. If operators were to become more responsible for the decisions made at their own level, then why should they not work under similar conditions to management and white collar workers, conditions designed to develop trust and responsibility? This question was answered, after consultation with the unions, by doing away with time cards in 1962, removing the inspection department and giving inspection responsibility to the operators. Then, in 1966 following two successive negotiations with the unions, all wage earners were placed on a salaried basis in 1966.

Results

Observations at the plant and interviews with management, labour leaders and employees indicate the following changes have taken place since these systems began to be introduced:

- Communications at all levels have improved;
- People are working together more closely than before; staff is readily available to operators as well as line supervision allowing direct application to problems;
- Considerably more helpful and critical comment about management action and plant operations now comes from employees with the advent of a more receptive management;
- Employees demonstrate a greater interest in the work of the plant through scrap reductions, etc;
- Fewer foremen are required, while productivity per person has risen significantly;
- There appears to be greater job satisfaction and enjoyment of the work climate;
- Quality of product has improved. In fact, when operator self-inspection first began after some inspection training, the operators proved too exacting in their own inspection work and had to be retrained in how to strike a balance between

production needs and absolute perfection.

No one knows for certain how credit for the 60% + increases in output per person employed at Kingston from 1964 to 1968 is shared between heavy capital investment during this period, foremen and operator training and the new people oriented systems. Nor has absolutely everyone responded positively to the new approach. A small number of firings have taken place over abuses of this less restrictive system.

Many problems still remain to be solved such as clarifying the role of the foreman, the fact that not all supervisors adapt completely and the constant challenge that management faces in readily accepting problems, concerns and recommendations from below. Yet the general advances noted above continue, including the fact that the unions have had no serious "young turk" rebellions largely because, in the observer's judgment, all employees feel part of the company's decision making system and are exercising a measure of control over their own work and destiny at their own level leaving to bargaining only those items which require their collective weight.

The Kingston system may be a portend of things to come throughout industrial life in the western world of free markets, strong unions and high economic and social goals.

Northern Electric Company - 14 plants

Employees - 23,000

Unions and Employees Associations - various - but largely
unaffiliated

Works Councils

As a result of examining the success of the Swedish works councils at the plant level - and coming to realize the need for greatly improved communications, Works Councils have been established in 18 plant and office work places as of February 1969 in agreement with unions and associations.

Company and union or employee association representatives meet at least once a month, chaired by the head of the plant. All of the problems associated with the area operation are discussed. Nothing is held back, including profit and loss statements for the previous months of operation, sales forecasts, Canadian market problems, etc.

Also, in a number of work areas, foremen and employees are meeting weekly to discuss production and other problems in a sort of "mini" works Council.

Although the program is too young to assess its value there have been a number of spectacular improvements in productivity and morale, including reductions in grievances, scrap, absenteeism, etc. Employees responded

in a highly positive way when they were included in the decision making processes of running the plant and kept fully informed.

A great number of minor but irritating problems had been hidden for years, causing loss of interest in the work, etc. When a free climate was established, the problems came to the surface and largely were resolved.

Bell Telephone Company of Canada Ltd

Although no detailed study was made, it is understood that the Company has made use of the latest material from the behavioral science in its management training programs for a number of years accompanied by an active consultation and communication program with its bargaining units.

Maritime Electric Company, Charlottetown, P.E.I.

For more than 18 years, senior company officials and I.B.E.W. union officers have met at least four times a year in a joint labour management committee which, both sides claim have caused and helped to continue a highly effective company - union, company - employee relationship. The meeting is chaired by the Company President. Each company officer reports on changes, developments or plans in his department while union officers raise questions, and bring forward problems received from employees which have not been resolved in the plant or field operations.

A distinct problem-solving climate was observed by the author in attendance at a typical session. Grievances seldom occur and strikes are unknown. Employees frequently make suggestions for management operations which often bring operating improvements. No information is withheld.

General meetings with employees are also held yearly by the president who reports on the year's operation. Charlottetown Metal Products Ltd, P.E.I.

The president of this small metal manufacturing firm happened on a copy of "Causes of Industrial Peace" (see last item in Appendix) in 1964 and decided on some 'revolutionary' action as a result of analysing the substance of this report.

Calling his employees together he invited them to form a union with whom he could bargain. They formed an association. He then proceeded to open up the firm's books for examination by representative employees. A profit sharing plan of 10% was negotiated at his suggestion.

Employees are involved in almost all decisions. Bids for jobs are frequently a joint effort with welders, accountants, foremen and the President joining in assessing probable costs, better methods of production and the profit required. All became committed to the task. Productivity is high. Improvement ideas came readily from employees.

The principles followed are enunciated by the president as follows:

1. Trust employees
2. Find out and take into account employee goals for themselves and for the company
3. Be completely open and frank - show all the company facts and employees will respond with reasonableness.

APPENDIX "B"

Selections from "PROPOSED MEASURES
TO FACILITATE MANPOWER ADJUSTMENT TO
TECHNOLOGICAL AND OTHER CHANGE - TWELVE
SELECTED CASE STUDIES" prepared by G.K.
Cowan for the National Conference on
Labour-Management Relations convened by
the Economic Council of Canada November
21 and 22, 1966, Ottawa.

The author assumes sole responsibility
for the material presented in these cases.

Introduction: Information was sought from unions, companies, federal and provincial governments, universities and from available literature in a large number of cases where manpower adjustment programmes were known to exist or to be in preparation.

Some forty cases were selected for investigation. Many similar and possibly better examples may exist. Since it was not possible, however, to conduct a complete industry-wide survey, not all cases came to light, while others could not be included due to limitations on time and on usable material. With only minor exceptions, the materials prepared were agreed upon by both company and union representatives, in each case.

For the same reasons these examples are not to be considered the typical or the average kind of approach taken by Canadian companies and unions. Certain glaring failures to deal with the manpower consequences of industrial change are well known. What the cases studied do illustrate is that a variety of methods for resolving these problems have been effectively employed in particular instances. The consultation processes and attitudinal changes mentioned held true up to the time of printing in 1966. It will be recalled that programs and attitudes can be neglected and changed as company and union leaders change about or other circumstances arise and are not met

effectively.

Special appreciation is extended to the Labour-Management Consultation Branch of the Federal Department of Labour, the Manpower Consultative Service of the Department of Manpower and Immigration, various provincial departments of labour and numerous company and union officials for assistance provided in gathering this material.

Studies have been prepared in the following cases. Those marked with * were selected as representative and were set out in 1966 paper. Only portions of the materials are used here, with some information added as a result of more recent surveys.

Cases Examined

- Air Canada Reservation Centre - Toronto, Ont.
- * Alberta Government Telephone Commission
- Aluminum Company of Canada Limited - Arvida, Que.
- * Bowaters Mersey Paper Company Limited - Liverpool, N.S.
- Canada Iron Foundries, Limited - St. Thomas, Ont.
- Canadian General Electric Company Limited
- Canadian International Paper Company - Gatineau, Que.
- * Canadian Johns-Manville Company, Limited - Asbestos, Que.
- * Canadian National Railways - London Shops
- * Casavant Frères Limitée - Saint-Hyacinthe, Qué.
- * Cleyne and Tinker, Limited - Huntingdon, Que.

The Consumers' Gas Company - Toronto, Ont.

Dominion Engineering Works Limited - Montreal, Que.

Dominion Road Machinery Company Limited - Goderich, Ont.

* Domtar Limited

* General Steel Wares Limited - Toronto, Ont.

Horton Steel Works Limited - Fort Erie, Ont.

* The Hydro-Electric Power Commission of Ontario

Imperial Tobacco Company of Canada, Limited

* Imperial Oil Limited

Labatt's Ontario Breweries Limited - London, Ont.

Manitoba Rolling Mills - Selkirk, Man.

Manitoba Telephone System

* Moirs Limited - Halifax, N.S.

The Metropolitan Corporation of Greater Winnipeg

* Pacific Press Limited - Vancouver, B.C.

Philips Electronics Industries Limited - Toronto, Ont.

Silverwood Dairies, Limited - London, Ont.

Somerville Industries, Limited - London, Ont.

Note: Many continuing cases are also reported in the Federal Department of Labour's newspaper "Teamwork". The full report of the November 1966 Conference provides more case studies and is available from the Queen's Printer.

Company: Alberta Government Telephone Commission

No. of Employees: 5,717

Unions: (1) International Brotherhood of
Electrical Workers (CLC, AFL-CIO)

Membership: 2,000 (plant and traffic employees)
(2) Employees Association -
non-affiliated -
clerical employees.

Nature of Change: Continuing introduction of automated equipment and reorganization to accommodate technical improvements and the requirements of expansion.

Advance Notice: Quarterly Review Board meetings, which are held with the union, are set up in all plant operations of the Alberta Government Telephone Commission under provisions of their contract to deal with department-wide aspects of labour relations, including notices of forthcoming changes which are provided by the Commission as soon in advance as can be arranged, normally several months.

Attrition: Since a large proportion of staff is female there is considerable turnover which has provided sufficient openings to take care of people made redundant by changes of different kinds. It is expected that attrition will take care of any staff surpluses in particular areas which might arise in the foreseeable future. Forced layoffs in traffic and clerical forces have been non-existent.

Training and Retraining: Due to the continuing technological changes in the telephone industry, highly developed

training programmes have been established at Alberta Telephones for many years, planned jointly by the Commission and the Union. Specialized training continues on the job based on classroom instruction given to employees in those areas where changing equipment, methods and practices dictate the requirements.

A basic skill improvement programme is continually under way during the months of November to the first of June providing an opportunity for journeymen to update their knowledge in basic electricity, basic electronics and transmission. This training is administered jointly by management and the union.

An improved technically updated apprentice programme has been developed and administered since 1961 under a tripartite arrangement of the I.B.E.W., the Commission and the Alberta Government.

Prior Consultation and Joint Study Committees: For some years the agreement between the IBEW and the Commission has contained a Quarterly Review Board mechanism. Regular meetings are held once each quarter of the year with special meetings upon written request of either party. Minutes are approved by department and union representatives. Subjects include any and all matters of concern to either side (bargaining excluded). They include consideration of manpower plans in the light of projected changes and any

matters arising out of provisions of the agreement which have a direct bearing on the relationships between labour and management.

Joint study committees have been used to study special problems and report back to the Review Board. There have been also tripartite committees -- government, management and union -- on Alberta apprenticeship regulations and in-plant training as noted. Both company and union representatives report that these joint meetings have helped to maintain an effective working relationship. Nov. 1966.

Company: Bowaters Mersey Paper Company,
Liverpool, N.S.

No. of Employees: 800

Unions: International Brotherhood of Pulp,
Sulphite and Paper Mill Workers
(CLC, AFL-CIO) Membership: 450

United Papermakers and Paperworkers
(CLC, AFL-CIO) Membership: 80

International Brotherhood of
Electrical Workers
(CLC, AFL-CIO) Membership: 30

Nature of Change: In 1962, the Bowaters Mersey Paper Company plant at Liverpool, N.S., was considering the installation of more automated machinery. It was clear that manpower would be affected. At the same time, union leaders were brought in and the entire proposal for produc-

tion changes discussed with them. This was at least a year in advance of any actual job change. An informal arrangement was thus instituted by which the exact manpower changes would be worked out in full joint consultation with the unions. Broad details of a programme for handling adjustment to automation were written later in 1962 into the general labour contract of the Eastern Canada Newsprint Group of Companies and which includes the Bowaters Mersey Company.

In the fall of 1962, the Nova Scotia Labour-Management Joint Study Conference set up a study group to look at the problems of adjustment to automation. The Committee for its first study relating to plant level problems included the president and union head of Bowaters Mersey and research was based largely on that plant's experience. This study was subsequently accepted by the Study Conference as a recommended guide for other Nova Scotia companies and unions.

Since the initiation of the Liverpool programme, summer 1962 to September 1965, forty jobs have been eliminated through productivity improvement measures. Every employee affected has been placed in another job within the Company without loss of pay or status.

Advance Notice: Initially an informal arrangement was made whereby the Company asked the senior Union representatives

to discuss with them projected changes in organization, machinery and plant, virtually at the same time as information was available. A provision has now been added to contracts with the local unions whereby the Company is committed to notifying Union officers about such changes as "early as possible".

Joint discussions on early stage plans have taken place as long as three years ahead of expected actual implementation and even where there was no certainty of implementation.

Training, Retraining and Basic Education: It has been agreed that where a man is capable of being retrained for a new kind of work, training will be undertaken by the Company. In some cases this has meant placing a man on a new job as a trainee for up to two months until the new job is learned. The man remains on his old pay scale, however, until he undertakes the new job as his sole responsibility.

Transfer - Seniority: The usual problem of employee seniority was present when it came to shifting men into different departments. Here the full co-operation of the unions and the men was essential. Where required, Union officers and the men have agreed to waive seniority rights within a particular union to permit the placing of a displaced man. In one case the movement of four men

crossing seniority lines was required in order to open up an unskilled job for a man who had little background for retraining, and would otherwise have been laid off.

There has not been any crossing of union lines, however. All seniority adjustments have taken place within one or another of the unions. To date all of the forty moves have been made without any employee losing financially. In some cases, in fact, there have been wage and job improvements.

Prior Consultation and Joint Study Committees: A programme is conducted as follows:

- (a) Continuous regular contact between plant and Company Management and Union Officials - During the above period the President held regular discussions with the Heads of the Unions. Now the Manager of Industrial Relations undertakes this role. Top Union Officials are informed of progress and problems as they arise in regular operations.
- (b) Periodic Meetings of Union Committee and Company Officers - On all problems requiring joint consideration, difficulties are discussed in meetings between Company officials and Union officers. For example, following the announcement of the projected production

improvement, full and continuous joint planning of the manpower changes was undertaken.

- (c) Mutual Interest Board - This Board consisting of about fifteen senior people from the Union and fifteen senior people from the Company meets three times a year. The President and plant officials present to the group all production plans, the problems of marketing, long-range capital programmes, the current financial position of the Company and any other information of interest. Free and open discussion is the rule along with a broad exchange of information in meetings which last from two to three hours. Only matters of 'contract' are forbidden.
- (d) Consultation with Individual Employees - Once the Company and Union officials agreed on the manpower changes, the people to be affected were contacted by both the Union and the Company. The Union steward of the area in question is brought in first. Then the whole problem is discussed with each individual as far as possible in advance of the change. The individual's opinions and desires are sought and accommodated when feasible, particularly

where a choice of job exists. Discussions with men being shifted sometimes have called for several interviews before the person is satisfied with the change.

The willingness of the Company and the Union to take considerable time and effort on each case until displaced men are properly placed -- often at considerable expense -- has been an important feature in the effectiveness of the programme.

- (e) Monthly Newsletter - Each month a newsletter of two or three pages is prepared by the Company, signed by the Plant Manager and placed on all employee notice boards. It is also available to any employee upon request. This notice gives a picture of current operational problems, market conditions, projected changes in the plant and other information of interest to employees. A Quarterly Magazine covering general employee and Company happenings is also provided for all employees. Nov. 1966.

Note: Subsequent difficulties within the union indicated that some communications gaps between union officers and the rank and file existed.

Also, attention was perhaps centered too closely on one or two union officers and too few rank and file became involved in the consultation processes. Steps to correct these problems have been under consideration. Ed.

Company: Canadian National Railways, Montreal, Quebec.

No. of Employees: 93,000

Unions involved at the CNR London Shops - Membership:
Approx. 400

International Association of Machinists

International Brotherhood of Boilermakers,
Iron Shipbuilders, Blacksmiths, Forgers
and Helpers

International Brotherhood of Electrical
Workers

United Association of Journeymen and
Apprentices of the Plumbing and Pipefitting
Industry of the U.S. and Canada

Brotherhood of Railway Carmen of America

Sheet Metal Workers of International
Association

Canadian Brotherhood of Railway, Transport
and General Workers

Nature of Change: The desire of Canadian railway companies to reduce operating costs has been accentuated since World War II by a greatly increased volume of trucking and automobile use. The resulting reduction programmes have caused both considerable manpower dislocation and major employee

reductions.

This study will deal with the recent closing of the London, Ontario, equipment maintenance shop and the manpower adjustment programmes developed for this purpose.

Development of the current CNR manpower adjustment programme followed some years after the Company's decision in 1951 to change from steam to diesel-electric locomotives on a system-wide basis accompanied by a progressive closure of steam locomotive repair shops which culminated in the closing of the motive power repair shops at Stratford, Ontario. During the early years and up until a new manpower adjustment plan began at Stratford in 1958 large numbers of employees were displaced and lost employment with the CNR. No special plans beyond ordinary contract provisions were made in the majority of cases of displaced employees during this period except that laid off employees were given preference for jobs in other sections of the CNR.

Great concern was expressed publicly by communities where shops were being closed and by the press and spokesmen in Parliament about the changes taking place. Railway trade unions not only stated their fears but proposed a variety of remedial measures. At the same time, public demand for reduction of public expenditure on railway operations was increasing, coinciding with the CNR's aim to

improve both its efficiency and its manpower programmes.

LONDON SHOPS CLOSURE: The closure of the London shops in the CNR's facilities improvement programme was completed in the summer of 1966 and affected between 350 to 400 employees. Since the work at the London shops was transferred to other points, virtually every employee who chose to move from London could have been accommodated at other CNR points, most of them in equivalent jobs.

In 1960, as a result of the closing of the passenger car section of the London repair shops, 160 jobs became redundant - affecting employees as follows:

54 transferred with their work to Toronto and Montreal

15 moved to other CNR departments

13 took early retirement

48 resigned

30 in total were laid off including those who did not wish to move from the London area when offered other CNR jobs

As well, 54 'bumpings' took place into the freight shop, in some cases to lower-rated jobs. All Toronto vacancies were filled but 48 Montreal vacancies offered to this group remained unfilled for a variety of personal reasons.

Manpower Research: As part of an evaluation programme, the CNR conducted a research study of the London and Moncton passenger shop employees who transferred to Winnipeg, Toronto and Montreal to ascertain factors affecting

mobility and to try and improve adjustment programmes. In general, it was found that the social and psychological factors such as home community, proximity to relatives and friends, etc., were just as important to employees as economic factors when considering moving. Economic factors, particularly home ownership, were critical. Among the many factors uncovered through this study were such items as the need for longer advance notice to improve the chances for selling homes; more details of moving, housing and education in new cities to be made available; all parties should receive available information; more assistance needed to cover moving costs. Closer co-operation with Union Officers was also a clear need along with opportunities for every employee to discuss his personal problems in a proper interview situation.

A study programme including a special research project financed by the Federal Manpower and Immigration Department under the direction of a joint labour-management committee is now being conducted in connection with the manpower changes expected modernizing the CNR ferry service from North Sydney, N.S. to Newfoundland.

Advance Notice: Specific notice of the closing of the passenger coach section of the London Shop was given three months ahead of the actual date in 1960. More importantly, the announcement and subsequent discussions with the shop

craft union made it clear that in 5 or 6 years the much larger freight shops would also be closed and the work transferred to Toronto and Montreal. At that time, employees and the Unions were informed that an adequate phase-out programme would be developed and that every employee would be given full consideration.

In 1964, the Company reconfirmed, with a more immediate notice, the closure of freight shop facilities including in it more details. The plan called for a two-year phase-out beginning in 1965 and extending through the summer of 1966. This was announced to the Union, to management and to all employees in a series of meetings. At the same time the Company offered to plan the manpower details well in advance in joint co-operation with the Unions.

Announcements were made to community officials and the general public at the same time.

A counselling service was provided as well so that every employee could have a detailed discussion of his various alternatives well in advance.

Attrition: Since 1960 when the announcement was first made, hiring for replacement of retirements and normal quits was almost completely stopped so that the work force at the time of the closure would be equivalent to the number of jobs available for those willing to transfer with their work

out of London. A shortage of skilled help was of assistance in meeting the problem of change-over.

Early Retirement: The early retirement feature of the pension plan was utilized by 13 employees. Details are noted under the pension section.

Training and Retraining: Most transferring employees moved with their own work to Toronto or Montreal and a minimum of retraining was required. Some employees were trained, while still in London, for work available in Toronto which they subsequently took. Other transferred employees were provided with on-the-job training at their new place of work.

Transfer and Seniority: Contractual seniority provisions had to be followed. If a man in the trade group moved with his work, his seniority remained intact in the new shop. Otherwise a transferee dropped to the bottom of the seniority list in the new plant. Top seniority men were given first choices. A ninety-day trial period also applied.

In the final phase in 1966, employees "transferring with the work" to Montreal did so with full seniority. Those who did not wish to transfer to Montreal had the opportunity, in accordance with a major change in general shop craft seniority and related rules effective November 1965, to use full seniority rights to displace other CN employees within the Great Lakes Region.

All London employees affected were offered jobs in the Company -- in most cases in the same kind of work and involving the same pay. CBRT Union members used the provisions of their own contract to move to other jobs within their own CNR seniority district.

Relocation Allowances: For the 1965 and 1966 phases of the closure of London Shops, all employees were provided with relocation allowances as detailed on Page 13 under "Recommendations".

Phase-out: A plan was worked out in detail to phase-out the closing of the London Freight Shops over a two year period facilitating manpower changes. Among other items no layoffs were scheduled during the winter months period of higher seasonal unemployment.

Severance Pay: A work security fund recently negotiated was available for the 1966 final layoff at London. Employees received benefits under this supplementary benefit plan which provides \$12.00 a week up to 52 weeks depending on years of service, or a lump sum in leaving. No severance pay was available in previous layoffs.

Pension Provisions and Early Retirement: Throughout the London Shops closure early retirement pensions were available.

CNR Pension Programmes have, for a considerable number of years, been planned and administered by a Pension

Board on which sit three Union Officials along management representatives. Pensions are not negotiated.

Early retirement is available for employees aged 55 whose total years of service, plus age, add up to at least 85 years. From January 1, 1961, a revised pension plan provides that any employee with at least 15 years of service and whose age plus years of service add up to 60 years or more becomes eligible for a deferred pension graded in accordance with these factors should he leave the CNR.

Pension amounts are based on years of service and the average of the last five years of a man's pay with the CNR.

Prior Consultation and Joint Study Committees: (Prior consultation is covered in "Advance Notice" section). In February 1965, some six months in advance of the first transfer of work from the London Shops, senior Union representatives from the various groups affected and Company Officials from the Region as well as from head office met, at the Company's invitation, to consider the advisability of a joint study of the manpower consequences of the shop closure. Agreement having been arrived at with the shop craft unions, the following month a joint steering committee consisting of 4 (later 5), management and 4 labour representatives was established to develop terms of reference and to oversee the manpower study. This Joint

Steering Committee in turn set up a joint study team of seven people, three Company and four Union representatives. (The CBRT Union did not participate in these joint committees.) The Joint Study Team immediately determined priority items, and commenced studies in the following areas: work transfer to Toronto: employee communications, interview and counselling services; employees' personal data, moving arrangements, temporary housing or boarding accommodations and employees' attitudes and expectations.

Team members were assigned continuing assignments, e.g.: Union members of the team conducted a survey of employee opinion as to how the effect of the shop closure on employees could be minimized; Union and Company members contacted employees in other shops who had been required to move to learn details of the difficulties faced in transfer and relocation; the employee consellor -- a management representative on the team -- obtained biographical and personal data from each of the employees and provided the Joint Study Team with a profile of the work force; and certain team members considered employee communication needs, real estate problems, alternative estimates of transporting household goods by rail or truck.

Recommendations: In April, the Joint Study Team submitted its first detailed report which, after discussion and minor revision, was submitted by the Joint Steering Committee to

their principals, i.e., the Company and the official Union bodies. The recommendations which were accepted by both sides and implemented were as follows:

- (a) Door-to-door moving costs, including packing by professional movers, were paid for by the Company;
- (b) Up to \$100 provided to every family being transferred where it was needed for the cost of temporary lodging and meals;
- (c) \$100 provided to every transferred householder to cover such costs of home transfer as the replacement of curtains, drapes, etc.;
- (d) Temporary sleeping accommodation for employees was provided by the Company in an administration building at a nominal charge, and in sleeping cars located near the car shop which were supplied by the Company complete with linens, towels, soap and sanitary facilities. These were for employees' use alone until their families had moved to the new location and found a permanent residence. Employees were granted two days' leave without loss of pay when relocating household effects from London to Toronto -- three days to Montreal -- and were reimbursed where an automobile was

driven to the new location.

National Employment Service: Officers were invited to come into the shop and to familiarize themselves with the skills of those men who chose to remain in London and to make known to those men available jobs for which they might be suited. Full information was provided for NES from the time of the first announcement.

Brochures: These were printed and distributed to all employees who were being transferred. These provided detailed instruction on what was available to the man in the way of compensation for moving, how to apply and all the procedures necessary to undertake the move. They also indicated what temporary accommodations were available, facts about education, real estate, etc. in the new area and other pertinent data.

Meeting with Employees and their Wives: A meeting with employees and their wives who were considering transferring was held in London. Officials of the Company and the Union explained details and answered questions. This was undertaken prior to final decision-making.

Counselling: Every employee was provided on a continuing day-to-day basis with an opportunity for personal counselling on the move from London, at which time he could express his concerns and enquire more fully about details of the move.

Familiarization Tours: The Company undertook to take employees to both Toronto and Montreal where they had an advance opportunity of investigating working conditions as well as living areas, accommodations, etc.

Results: The first phase of the closure of the freight car section of the London Shops took place on August 16, 1965, when some repair work was moved from the London freight car shop to Toronto. This opened up 53 vacancies in Toronto to which London employees were entitled, but only 34 shop craft employees chose to transfer to Toronto. When the final closure of the freight car shop took place in May 1966, out of 145 remaining shop craft employees, 57 retired, 54 transferred to other CNR jobs, 11 resigned and 23 were laid off, including those who decided not to accept CNR jobs in other cities. Five general stores employees were also laid off under the same circumstances. Nov. 1966.

Note: A similar CNR program conducted with the longshoremens' union at Sydney, N.S. with like effectiveness when the Newfoundland ferry service was modernized may be studied in detail in the report by R.E. George "Technological Redundancy in a Small Isolated Society", Industrial Relations Centre, McGill University, 1969. These experiences helped pave the way for a major new company - union negotiated redundancy program in 1968-69.

Company: Casavant Frères Limitée, Saint-Hyacinthe,
Québec.

No. of Employees: 250

Union: Union nationale catholique des menuisiers
et facteurs d'orgues de Saint-Hyacinthe
(CNTU)

Membership: 208

Nature of Change: A modernization of the Casavant Frères plant, including the erection of new buildings and production machinery, took place in 1963-64. About half of the work force was affected.

Advance Notice: In June 1963, immediately following a decision by the Company to modernize facilities, a newly formed labour-management consultation committee was notified of the plan. Over a period of several meetings with the joint committee, the Company presented for full discussion problems of machinery layout, structure of the work force, choice of gang-leaders and their areas of control. Special sub-committees of the joint body worked on various details such as the use of adhesives, work methods, etc., and made recommendations to the larger committee. A detailed plan covering the entire changeover was developed during these joint discussions and amended as required by technical and engineering staff. The Company also laid before the joint committee the entire problem of personnel changes brought about by the planned modernization, including the difficulties of establishing job content

in advance. It was made clear that a number of changes might have to be made at a later date once experience had shown what could be a practical work content for each person on an altered job.

A construction programme was followed by the placement of machinery during the succeeding months and the new production facilities were started up in late summer of 1964. More than one year of advance notice had been given.

Training and Retraining: Because of the movement of half of the work force into new kinds of work or altered work, a large number required retraining on the job. Some twelve men were given extensive retraining to learn entirely new work. Training has also been a continuing subject of discussion by the joint committee.

Transfer - Seniority: The transfer of workers was carefully planned in the joint committee. Careful consideration was given to seniority as outlined in the contract, as well as to the ability and skills of individual persons. One third of the employees went to considerably changed jobs. Others moved to new areas but handled the same work. More still had slight job content changes in the new surroundings. When all the changes had taken place, two men were laid off for a period of $1\frac{1}{2}$ months.

Joint Consultation and Joint Committee: In 1963, it was decided to establish a joint committee for non-bargaining consultation along the lines of the federally sponsored labour-management committees. The Union Executive was invited to appoint four members. They have consisted of the president of the local union, another union executive and two delegates.

The Company is represented by the president, an engineering specialist and a foreman. A permanent non-participating secretary is also appointed by the Company.

Union delegates are rotated frequently, excepting the president, in order to allow a wider participation in the work of the committee by employees and to prevent any charge of favouritism against particular members. Foremen and Company specialists are also changed around regularly. Others are invited to attend meetings when their special knowledge will be of value in discussing a particular subject matter.

The committee meets once a month.

In order to deal with special problems and with detailed technical issues, the committee appoints special ad-hoc joint sub-committees who, after thorough study, report their recommendations to the larger groups.

The joint committee proved highly effective in assisting the modernization programme along the lines

discussed in the advance notice section. There were, of course, some problems on its side, the Company found that the work of joint committee sometimes usurped the authority of the foreman and disrupted the important chain of command in line operations. Union officials sometimes were told of Company decisions and policy at joint committee meetings before the lower levels of management had been informed, thus causing embarrassment. At other times joint committee decisions cut across decisions which had already been made by foremen and Company officials causing disturbance and confusion. Also, the technical staff of the Company tended to give priority to projects requested by the joint committee while requests made directly to them by supervisors had to wait.

In order to resolve these problems, it was decided that any suggestion brought to this joint committee by a Union member, must first be made by the employee to his foreman so that the latter may have an opportunity to act. A procedure has also been set up which permits a joint sub-committee to look into cases where a foreman rejects an employee or Union official's recommendation so that both sides of the problem may be aired with the full committee if the suggestion is brought to them.

At the same time foremen making suggestions to the joint committee must first discuss them with their super-

intendent to permit normal management action. Similarly technical staff are now advised to pay adequate attention to requests for assistance made directly to them by line supervisors.

The rotation of Union appointees to avoid charges of favouritism has been noted.

Regular monthly meetings of the joint committee continue with special meetings or joint study committees called as they are needed. Subject matter includes not only advance planning but all and every subject of interest to either side. Bargaining is excluded. Many problems which would normally result in grievances, have been resolved in these joint discussions. Nov. 1966.

Company: Cleyn and Tinker, Limited, Huntingdon, Quebec.

No. of Employees: Leach Textiles plant 85 -- Fawcett & Grant plant 80

Union: United Textile Workers of America (CLC)

Nature of Change: In 1953, Leach Textiles, which later became Cleyn and Tinker Limited, purchased the weaving building, machinery and equipment of Fawcett & Grant in Huntingdon. Leach Textiles were operating their own weaving plant in Huntingdon at that time.

In 1960, a decision was made to amalgamate the two weave rooms, with the auxiliary feeder units such as

warping, weft winding, etc., at the Fawcett location.

Construction of a new weave room to accommodate all of the Leach and Fawcett looms was commenced in the spring of 1961 and was completed in late October of the same year. The new combined weave room was built adjoining the old Fawcett weave room. New and more efficient machinery was also installed at that time.

No layoffs occurred as a result of the amalgamation of the two weave rooms. The changeover also led to increased workloads and increased pay for most employees. A year was taken to complete the manpower adjustment programme. Layoffs were avoided partially through attrition and partially through expansion. The lack of other employment in the area provided impetus to avoid layoffs if at all possible.

Advance Notice: In the spring of 1960, the Company informed all the employees in the two mills that, over the period of the next two years, production weaving would be grouped at the Fawcett plant, including the auxiliary feeder units. For the remainder of 1960 and throughout 1961, employees and the Union were kept fully informed and numerous discussions were held with large and small employee groups before settling on individual workloads and layouts as prepared by the Company.

Training and Retraining: Warp hanging had been done by the fixers so the fixers who became full-time warp hangers were already trained.

The fixers required the most training. Whereas in the old set-up any fixer fixed any loom, now each fixer was assigned to a specific group of looms. Under the old system if a fixer could not fix certain types of faults, he could call another fixer for help and possibly never did learn how to fix those faults. Under the new set-up each fixer had to be taught to fix every fault.

Transfer - Seniority: It was agreed between the Company and the Union that all personnel being transferred to Leach from Fawcett or from Fawcett to Leach would move with their departmental and mill seniority intact. In general, the majority were transferred to the new weave room and on to the same kind of job that they had held previously. Some of the older employees, who found it difficult to cope with the increased assignments, were permitted transfers to other departments.

Work Week and Pay: Pay increases followed the change as job loads were increased considerably. All of these had been worked out previously between union and management and were put on a six-week trial period. No employee suffered a reduction in pay.

Prior Consultation and Joint Committees: No formal joint

labour-management committees existed in the Leach Textile organization nor in the Fawcett and Grant Company. Furthermore, no such committee has been set up for the joint operation. However, two informal types of joint consultation have been used and were particularly effective during the period of amalgamation of the two production operations noted above.

For a number of years it had been the practice of Leach Company management officers to meet informally from time to time with Union officials to discuss production problems and other matters apart from the normal bargaining and grievance procedures. These meetings have been held when, and usually only when, particular problems arise and information of importance becomes available. On the prompting of either management or Union officials an informal discussion takes place on the current issue. The Company usually invites the Union to meet them on such matters as projected changes in production, problems of quality control, safety issues and other production or general Company affairs which would be of interest to the Union. The Union has called for meetings with management on such matters as incentive schemes, work study projects, etc.

Virtually all of the plans for layouts and individual workloads for the amalgamated plant which had

been prepared initially by the Company's Industrial Engineering Department were discussed with groups of employees from each of the areas involved. Union officers were included in the talks. A number of changes were made in the plans as a result of suggestions or criticisms expressed by employees. One very significant change which led to broad acceptance of a major improvement was made by a loom oiler.

Company officials and Union officers report that joint consideration of plans, which provided both an opportunity to explain why changes were being made and a chance for employees to suggest improvements or raise objections, resulted in general acceptance of the change, although there were many difficulties and misunderstandings, particularly in the early stages of the move. Nov. 1966.

Company: Domtar Limited, Montreal, Quebec

No. of Employees: 18,000 of whom 6,000 are salaried. In addition some 5,000 seasonal woodworkers are employed.

Unions: Twenty-seven different national and international unions represent Domtar employees including both CLC and CNTU affiliated groups as well as some independents. This is due to the fact that Domtar was formed by the purchase and amalgamation of a number of different companies in the three fields noted above. Approximately 120 different contracts are in effect in some 100 locations.

Nature of Change: As the Dominion Tar and Chemical Company grew in size so the problem of developing uniform personnel programmes became more complex. For example, many of the newly purchased companies operated a variety of their own pension schemes, arrived at through union contracts or Company arrangement. There were obvious advantages to consolidating these schemes into a single funding operation. The number of unions and the differing contracts made this an extremely difficult proposition.

Even more serious was the problem created by the Company's desire to rationalize a number of their plants. Such a programme called for the closing down of a number of older units and consolidation of production in newer and larger plants where the opportunities of longer runs provided the efficiencies desired. It was the wish of the Company as well as the Unions to alleviate hardships by looking into the possibilities of shifting displaced employees to new plants or to expanding operations as well as other means of manpower adjustment.

Joint Conference: Following preparatory discussions with CLC and CNTU officials the President of Domtar invited the Union representatives to meet with Company management in November, 1962. Almost all of the unions were represented, in most cases by their top international or national representatives, while the senior level officers of the

Company were present. The two-day meeting was chaired by a neutral, on the joint invitation of both parties. Agreement was reached in a number of critical areas after which special joint committees were created to prepare detailed plans for presentation at the next joint conference which it was agreed should be held in one year's time. Such top level meetings have been held each year, the last in October 1966, while committees appointed each year have continued their studies throughout the period in between. As a result, certain agreements have been reached designed to have over-riding effect on individual local contracts. This study is confined, primarily, to these agreements.

At the third joint conference held in November 1964, the following set of common objectives, which had been prepared by a joint study committee, were agreed to as follows:

"A) To attain an economically sound, competitive and profitable operation which will make possible:

1. The satisfaction of consumer needs with quality products and services;
2. Improved wages and salaries and other conditions of employment; and
3. Improved returns to shareholders.

B) To increase job satisfaction through measures

such as:

1. Full recognition by all concerned of the rights and dignity of employees;
2. Opportunities for employees to confer with Management through their representatives, on matters of policy and proposed policy change which affect employees, including matters beyond those concerned in the applicable collective agreement; and
3. The development of informed interest and meaningful participation by employees in the success of the enterprise.

C) Over and above the foregoing objectives, to recognize the promotion of the national interest and the growth of the Canadian economy as an overriding obligation."

Manpower Composition: In many of the plants being closed down or reduced size, a long established work force has existed with a high ratio of older, long-service employees. This has created obvious difficulties for employees facing a change of location, both in loss of seniority and in leaving an area after a long period of resident.

Communications Programme: It was recognized at the first joint top level meetings that achievement of objectives would require adequate information programmes at the local

plant level for both Company and Union officials. Once agreement at the top was achieved, the company's and the senior Union representatives agreed to carry out a joint information conference in each area of Domtar. To ensure uniformity of information, the same Company people, and as frequently as possible the same Union people, were to make the presentations. In each area, heads of plants and other senior officers, along with the senior representative of each union in the district, met and discussed the pros and cons of the top level agreement. These meetings were also designed to encourage suggestions from regional officials for improving the agreements in the light of local problems and needs. Throughout 1964 and part of 1965 such presentations took place in all the Domtar areas and have resulted in a number of changes in the original agreements which were discussed and accepted at the top level conferences.

It was recognized at the top level conference that a second important communications programme is required whereby employees and local union and plant officials at each unit should be provided with a detailed explanation of the agreements and their implications prior to the formal local union acceptance. As a result, the Unions, with the assistance of the Company, have agreed to undertake a more effective educational programme to ensure a wide acceptance and support. This programme has been only partially

instituted as of November 1966.

Advance Notice: At the first joint meeting of the senior labour and management officials in 1962, the Company declared itself in agreement with the labour position, that as much advance information as possible be provided to unions and employees whenever the Company has developed definite plans of reorganization or of technological change. The expected effect upon manpower should also be provided.

In practice, Domtar is now providing from one to one and a half years' advance notice and sometimes more. At the Company's Windsor Mills, Quebec, plant senior Union officials were informed confidentially two and a half years in advance, at the start of the initial engineering studies. Final notice was given to the Union and employees one year ahead of programmed implementation when the Board of Directors had agreed to the plan.

Attrition: When it is known that employee numbers are to be reduced at a particular plant, as little permanent hiring as possible is done until the change has been completed. In some instances temporary replacements are taken on where a job must be filled to permit continuation of plant operations.

Retirement Before Normal Retirement Age: Some Domtar contracts provide for early retirement and this has been used to accommodate manpower changes when required.

Training and Retraining: The Company undertakes to retrain employees when they have been transferred to new locations. An attempt is made to match the capacities of the men available with job openings. Consideration is given by the Company to using available provincial funds for training purposes under the Canada Technical and Vocational Training Assistance Act. To date very few employees have shown a willingness to take formal outside training.

Transfer and Seniority: The plan formulated at the above conferences for the transfer of displaced Domtar employees to other Domtar locations includes the following:

- (a) The plan will be administered by joint labour-management committees;
- (b) Local unions must agree to join the plan before they can participate in this programme;
- (c) Openings at all Domtar plants will be held for preferential hiring of employees displaced at other locations;
- (d) Any employee with seniority can 'bump' another employee of lesser seniority in another plant should there be no open jobs at the time of displacement under the following seniority provisions:

- (i) For every five years of plant seniority an employee earns one year of transferrable seniority up to a maximum of five years which he can use to acquire and maintain a job in another Domtar plant should he be displaced in his present one; - etc. etc.

Relocation Allowances: The 1965 top level conference established a special joint committee to look into a variety of problems including relocation allowances which fall under the Committee's terms of reference entitled "Human Adjustment to Industrial Change". At the fourth annual conference held in October 1966 a special redundancy financing plan was set up. Until the present time relocation allowances and severance pay have been decided on a basis of local requirements and in arrangement between the Company and the local Union. The amount varies in every case but moving allowances are now being provided as well as separation allowances where an employee moves to another company or to unemployment if a transfer offer is refused.

Phase-out: A deliberate policy of phasing-out operations has been applied by the Company to accommodate absorption of employees in other operations. At the Windsor Mills and Port Neuf, Quebec, plants, for instance, delays of much more than one year have been accepted by the Company

while working out provisions of adjustment. In order to maintain the Port Neuf operation until such time as employees can be transferred, and the final closing arranged, special work has been provided by the Company which would not normally have been arranged.

Pension Plans: The work of special joint committees and agreements made by the top level conferences has led to a new Company-wide pension programme which will be related to the government's Canada and Old Age Pension Plans. Labour representatives sit on the Board governing the new plan.

Special Joint Studies: In addition to the meetings above, special studies have been undertaken in connection with problems which have arisen at two Domtar locations where phasing-out operations were announced, namely, at the Windsor Mills and Port Neuf, Quebec, plants. In both cases the studies were conducted by university authorities in labour relations under an arrangement with the Manpower Consultative Service of the Department of Manpower and Immigration. Their findings have assisted in making changes acceptable to the Unions and the Company. Nov. 1966.

Note: A serious strike occurred at Windsor Mills in spite of this program. The national conferences have continued yearly, however, and increasing numbers of employees are signing up to take advantage of transfers and other programs.

Also it was recognized that employees at the plant level were not getting enough information about the new programs, and steps are now being taken on a more direct communications approach. Ed.

Company: General Steel Wares Limited, Toronto, Ontario. Plants are also located in Montreal, London and Fergus.

No. of Employees: Hourly rate work force, March 1963, prior to announcement of plant closing - 489.

Union: United Steelworkers of America, Locals 1111 and 4947. One local covers production and plant personnel, the second office employees.

Membership: 460

Note: A full report on this joint changeover program is available from the United Steel Workers Union, as well as in the author's conference report. Ed.

Company: The Hydro-Electric Power Commission of Ontario, Toronto, Ont.

No. of Employees: 1950 peak employment - 21,187
1965 employment 14,996 of whom 12,207 are regular staff. The balance includes temporary staff, summer employment and construction employees.

Union: Allied Construction Council representing some 18 CLC construction unions.

Membership at Location: 2,500 at present; up to 10,000 in the past peak periods.

Nature of Change: Following the war, the Hydro-Electric Power Commission was faced with the need to develop power rapidly due to a rising post-war demand. A tight construction schedule was therefore established for the huge Sir Adam Beck power project at Niagara Falls. The possibility of serious labour and manpower problems arising from the involvement of 18 different unions, bargaining separately, accompanied by the normal hazards of jurisdictional disputes, led to the formation by all of the 18 unions of an Allied Council which would act as a bargaining agent for the group. A contract was negotiated shortly afterwards, followed by the setting up of various multi Union-Company consultative committees to deal with manpower adjustments and other problems. The Niagara Allied Council represented all employees working on the site. New employees were required to be Union members already or become members within thirty days after starting work.

Ontario Hydro also faced the problems of finding large numbers of skilled workmen and drawing them to the Niagara site where there were no surpluses of trained construction workers.

The accomplishments of Ontario Hydro and the construction unions under these arrangements during the first eleven years of major construction projects costing nearly one billion dollars and employing more than 80,000 craftsmen

have been: (1) only two days of work stoppages; (2) no work stoppages due to jurisdictional disputes (a very small number of minor disputes have occurred in the past four years); (3) one collective bargaining agreement which has greatly simplified bargaining; (4) mutually accepted wage differentials between crafts; (5) flexibility of work force was provided - i.e. employees in unskilled jobs could progress to more skilled jobs across union lines in the less skilled areas; (6) negligible employee turnover.

After the first year of operations at the Niagara site, Ontario Hydro recognized the Allied Council agreement for its province-wide line and construction work force and, in 1953, combined this agreement with the Niagara agreement into a master contract covering all of its construction work. The contract has been renewed at each bargaining period since that time and has covered such major programmes as the St. Lawrence Seaway Power Project and the current power plant construction at Sarnia and Toronto.

In addition, joint committees patterned after the Ontario Hydro arrangement have been set up and have operated for up to 10 years in some cases on the following major construction projects; Thompson, Manitoba; Pine Point, Alberta; Blind River, Elliot Lake and Chalk River, Ontario. A closely related process has been adopted at B.C. Hydro during the past four years of major construction programmes,

and will be pursued as well in Manitoba on the Nelson River Hydro Project following the recommendations of the Manitoba Joint Labour-Management Committee on Legislation. Agreement has also been reached along similar lines for the construction of the new Welland Canal Twining Project.

Of primary interest for a general study of manpower adjustment programmes brought about by technological and other developments are the following items from the Ontario Hydro experience: (1) joint committees and prior consultation; (2) satisfactory resolution of jurisdictional disputes between different unions which are often brought about in construction work by the introduction of new materials and new technologies which affect long standing Union trade lines of work and Company structures; (3) close working relationship with N.E.S.; (4) communications and training programmes; (5) transfers.

Problems

Over the years there have been unresolved problems and periods of difficulty in the working relations between the Unions of the Allied Council and Ontario Hydro as well as the accomplishments noted above. To some extent, for example, the difficulties evident in the current overall Canadian labour relations scene are also reflected in the day-to-day problems at Ontario Hydro construction sites. At the present time Union leaders and responsible Company

officials are studying how to rejuvenate both the climate and the full practical effectiveness of the Niagara Seaway Projects under present conditions. (Ed. A strike which occurred some months after the preparation of this report led to action to correct some of the communications problems. A company telephone is now open 24 hours a day to allow instant reporting of field problems. Also, regular joint meetings at each construction site have been re-started in order to clear away operational irritations immediately whenever possible.)

Advance Notice: Since 1950, all construction plans along with manning programmes have been presented for discussion to the Allied Councils by the Hydro and the construction companies in advance of actual work. Several months before the Seaway Project construction started, for example, discussions began with the Unions which would work the site for the purposes of setting up an Allied Council.

Today the Allied Council is given months and frequently several years of advance notice on future construction programmes. This has permitted the making of policy jointly on manpower and other issues before construction projects have opened, preventing many misunderstandings and much confusion.

Attrition: Should an employee leave a particular construction site for any reason, his place would be filled by

another employee on the site if the latter were eligible for the work and should he be faced with a cut from his own job due to the completion of the work.

Training and Retraining: In order to achieve an effective on-the-job working relationship between stewards and foremen, the Allied Council of the Unions ran training programmes for stewards at Niagara stressing the "philosophy of intent to co-operate." Similarly, the Commission trained foremen in the importance of a continuing co-operation with Union stewards. Contrary to the usual experience, Hydro management encouraged appointment of as many stewards as was thought necessary.

Transfer, Seniority and Employment: A number of unique manpower programmes have been developed.

From the beginning, a close working relationship was developed with the National Employment Service who in turn gave assistance in providing manpower from many areas for the widespread Hydro construction projects. For the Niagara site, for example, up to 6,000 workmen - a large proportion of whom were skilled employees - had to be found.

When an employee came to the Hydro Employment Office, referred by NES or other sources, employment interviewers informed him about the Union which would represent him and the cost of Union dues. The Commission arranged office space for the Union to meet with its members and

where they could talk to new and former members. Union representatives, both local and international, were also invited to enter the project and to hold discussions with superintendents, foremen and stewards or employees on any problem which arose, including employment and placement. Unions worked closely with the Hydro's employment department during periods of transfer, layoff and re-hiring.

Central Employment Bureau - Seaway Power Project: The Allied Council Unions agreed with the Company, after considerable consultation, that a co-ordination of employee hiring, placement and transfer was urgently needed for the huge Seaway Power Project since almost all tradesmen - a large number of whom would need to be highly skilled - had to be brought from outside the area which was primarily an agricultural district. When sections of work were completed, speedy and effective arrangements would also be needed to transfer men from a completed operation to a continuing one. The various construction companies working on the site would also require assistance in sorting out employees who would be shifting from one Company's jurisdiction to another and sometimes from one semi-skilled and unskilled category to another in order to avoid costly time losses for both the men and the contractors.

To provide both mobility and security of employment unions and construction companies through their joint

bodies agreed to work through a Central Employment Bureau which was established at Cornwall and placed under the direction of NES working in association with Hydro staff. All hiring for the Seaway Project took place through this Central Bureau.

Interview Procedure: Special liaison was made with NES offices across Canada. A new interviewing and record taking procedure was established by the Hydro to help employment interviewers at NES offices in sorting out applicants who might suit the Seaway requirements. Each person interviewed by NES at any of their offices was re-interviewed following the Hydro procedure if he came within the general categories required. The record of the re-interview was then passed to Central Employment Bureau at Cornwall.

Upon examination of this record - which was designed to provide more precisely than the usual NES form the skills and experience a man might have in relation to exact Seaway Power Construction requirements - Hydro would notify the Central Employment Bureau who in turn would notify the NES office from whom a particular record came to tell the man that he would be hired. Actual hiring took place when the man reported to Cornwall or to a sub-office at Morrisburg, providing he passed the usual general interview at the Central Bureau which was something of a

formality.

The Central Bureau which had a detailed record of every manning requirement would assign the man to a site on the project where he would work under the direction of one or other of the contracting firms. When the job to which the man had been assigned was completed, he reported immediately to the Central Bureau and was at once re-assigned to another job where manpower was required. If no work was available at the Central Bureau as the project drew to a close, the man went on to a seniority list under his own classification and would be laid off, subject to possible recall by seniority.

Special Training of NES interviewers was provided by Ontario Hydro so that the new interviewing and recording processes would be followed as precisely as possible to ensure that virtually all of the men sent to Cornwall would be suited to the jobs available.

The Central Bureau concept is thought to be the first of its kind in the Canadian construction industry.

Transfer Across Trade Lines: Not only on the Seaway but also on other Hydro projects in isolated areas, the Allied Council Union agreed to permit semi-skilled or unskilled workmen to cross craft and Union lines when one job was completed and other on-site work in the same general unskilled category was still available. Dues went to the original Union, then to the new Union following signing up without an initiation fee.

Unnecessary layoffs and expensive new hiring was held to a minimum to the benefit of existing employees in providing more security and continuity of employment, and to the companies in holding down costs.

Prior Consultation and Joint Committees:

1. Company-Union Committees -

Regular monthly meetings (less frequently at distant sites) of Hydro management, international Union Officers from the Allied Council, stewards and construction company supervisors, were held at Niagara and subsequent projects to examine their working experience under the agreement. Full discussion was encouraged and all viewpoints were drawn out as far as possible. Through these regularly scheduled meetings issues involving the contract and matters that affected Union-Company relations, including manpower adjustment problems, were brought to an acceptable or workable solution.

If the problem proved to be a jurisdictional dispute between two or more unions over areas of work the Unions were asked to deal with the problem themselves, separately, and to return with a solution. When the matter became a purely Company responsibility, the Company undertook to correct the problem wherever possible and reported back on what had been done.

In many instances, by joint agreement, precise contract provisions were laid aside and a problem was met on the basis of the needs of the specific situation.

Both sides attempted to pay careful attention to every detailed problem and to every relationship between them at all levels no matter how minute and insignificant it might seem. Discussions at the regular joint meetings were aimed at uncovering both the usual and the anticipated causes of grievances so that action could be taken in advance in order to avoid irritating issues on the job. Old grievances and problems were reviewed for this purpose. Hundreds of problems which could be classified as normal grievance type issues were resolved before they reached a formal grievance stage with both parties endeavouring to co-operate on the administration of the contract. In practice, disputes seldom went beyond the second stage and only three times in 15 years of council experience to the present year 1966 has there been a dispute requiring arbitration. And only one application for conciliation has resulted from all of the negotiations on agreements from 1950 to the summer of 1966.

2. Labour-Management Production Committees

One important factor at the Niagara Project as well as later operation was the formation of labour-management production committees at an early stage of the

programme. These joint bodies were organized initially and assisted throughout by officials of the Federal Labour-Management Co-operation Service.

(a) Divisional Production Committees were formed at each division of the project. Employees at each section of the construction site elected representatives to sit on each Divisional Committee. The Union steward was usually elected to meet on a regular monthly basis with the foremen and supervisors appointed by management. All matters of concern to either side were raised except negotiable items of contract or grievances which followed the normal channels up to the regular meetings of the Allied Council and the Company, if they had not been settled at lower levels.

(b) Project Production Committees - Each Divisional Committee then selected representatives to meet with more senior management in charge of the entire construction project normally on a monthly basis. This made it possible to bring to the top all matters that required attention. Minutes were kept at all joint committees and passed up to the higher

level committees for study.

3. Foremen - Stewards' Meetings

Frequent Foremen-Stewards meetings were held to supplement the above. Part way through the Niagara Project a general meeting of all foremen and stewards was called on a Saturday and an entire day was spent reviewing their experience under the agreements.

4. Bargaining Meetings

When the time came to renew the contract, the Allied Council of Unions sat down with the top Hydro management solely for the purpose of agreeing on a contract. Bargaining has still proved to be tough and determined. Both parties agree, however, that it has not been cluttered with minor issues which had been resolved through the processes described, nor by undue suspicions and antagonisms which had been cleared away through continuous consultation and the evidence of good faith by actions.

5. Joint Management Organization

In June 1954, Ontario Hydro announced that it would contract out on the forthcoming St. Lawrence Seaway Power Project most if its work but would maintain a small force of its own for special operations.

Members of the Unions from the Niagara Allied Council and the Hydro Commission decided to duplicate the same institutions at the Seaway which they had enjoyed at

Niagara. In addition, the idea of creating an employer's organization for the contractors was proposed to and accepted by the Canadian Construction Association.

The Commission then drew up a labour clause for its contracts with contractors requiring that all contracting companies join a special Seaway employers' association called the "Labour Relations Association" which had two main functions: "(1) to co-operate together to negotiate a common collective agreement, ensuring relative equality and uniform interpretations and administration; (2) to introduce and develop common policies and practices relating to employment, training, wage administration, safety, health and welfare,"etc.

Ontario Hydro was also a member of the management organization and maintained ultimate power should it be required, which it never was.

The Labour Relations Association had at its peak over 100 major and sub-contractors participating. Each major contractor was represented by the Executive Officer of its organization. First the contractors met together, then they met jointly on a monthly basis with the Unions of the Allied Council which had been formed for the Seaway Project to review and examine their experience under a basic agreement that had been signed as the first major step in the labour relations programme. The effectiveness of these arrangements parallel those at the Niagara site. Nov. 1966.

Company: Imperial Oil Limited, Toronto, Ontario

No. of Employees: 11,500

Union: Most of the non-supervisory employees in the plants and offices of the Company are represented by non-affiliated joint industrial Councils or Employee Committees

Except for a small refinery on the west coast and a marketing operation on the St. Lawrence River, no certified union organizations exist in Imperial Oil Limited. These units employ about 200 people and are represented by locals of the Oil, Chemical and Atomic Workers International Union.

Advance Notice: It has been the custom of the Company for a considerable number of years to discuss, with Joint Industrial Councils and similar salaried groups called "Employee-Management Advisory Committees", anticipated changes which affect manpower. In general, about six month's advance notice is given. Since these discussions take place with joint committees from the area involved, employees of that area also receive indication immediately of the plans for change.

In the case of the amalgamation of the accounting system into three centres with the introduction of computer equipment, the change was discussed with the Joint Committees in each centre, some three years ahead of actual execution.

Attrition: Normal attrition has perhaps provided the greatest number of job openings for those made redundant by the changes. A large female staff in office accounting

has provided a considerable number of openings as a result of the fairly high turnover rate found in this group. To the extent possible the Company has followed a deliberate policy of using temporary help for periods up to one year in jobs to be eliminated as a result of organizational change. Students were also used during summer holidays to a great extent both because of the temporary nature of their employment and to assist university students in their programme of education.

Retirement Before Normal Retirement Age: Normal retirement age at Imperial Oil for men is 65, for women 60. However, as a result of a special retirement programme long-service employees may retire as early as age 55. A considerable number of long-service personnel in the age bracket 55-64 retired early with "improved" pensions. All such retirements were voluntary. Approximately 400 employees chose early retirement during the period of 1957-65. This attrition made possible the retention of a number of younger employees who were, in many cases, provided promotion opportunities.

Training and Retraining: Prior to 1957 when substantial technical changes were to be undertaken it became apparent that there would be a need for more highly skilled operators. An extensive training programme was prepared by the Company and during the period from 1957 to 1965, approximately 1200 employees were trained and upgraded in refinery operations. This consisted of both on-the-job training and

classwork. Employees took their training partly on Company time and partly on their own time. As an employee was being trained for a higher skilled job, his pay was increased as he passed each successive training and qualification level successfully.

The Company makes a general practice of posting job openings throughout their plants. Employees who apply and are selected are trained up to the level of first class mechanics or assistant operators.

Advance manpower planning provided a more precise information concerning job openings and skill requirements. Suitable training programmes were then devised with special consideration given to surplus or potentially surplus personnel.

Transfer and Seniority: In the changeover of the pipeline system to virtually fully automated operations, employees who had been working on the pipelines prior to the automation of the pipeline system were transferred throughout the Company's operations. For example, in the area south of Winnipeg, all but one of the employees were relocated either in Winnipeg or the prairie region. The one man concerned moved with Company assistance to the Sarnia refinery.

Under the Joint Industrial Council arrangements, employees have a seniority committee which resolved issues of seniority; skills are given priority.

The employees were interviewed before any transfer arrangements were undertaken to ascertain their willingness to move to openings in other centres or within the operation where they were presently working.

Relocation Allowances: Whenever the Company moves employees from one place to another all moving expenses are provided by the Company, including the cost of moving the family, furniture, etc. Other assistance is tailored to the requirements of the particular situation and follow no fixed pattern.

Severance Pay: No formal severance pay programme exists. There is, however, an understanding that where employees leave the Company, severance payments at least comparable to those paid by other firms, will be paid.

During the 1957-1965 period severance pay was provided only in cases where employees had one year or more of service. Some 400 employees were provided severance pay as operations changed or closed down. Virtually all were employees of between one and five years of service with the bulk in the shorter service group. This would include persons who were offered work elsewhere but for a variety of reasons did not wish to move, and took severance pay instead.

Prior Consultation and Joint Study Committees: The Company, since its inception in 1918, has developed a programme of Joint Industrial Councils to which employees elect their own representatives. These Industrial Councils exist in every operating centre where production, processing, or oil movement is involved. Local management sit on these councils along with the local employee representatives. Salary groups have similar committees called Employee-Management Advisory Committees. These were formed in the large accounting centres four years ago.

The basic intent and design of both committees and councils is to provide necessary communications between Company and employees. Among the matters discussed are advance plans for changes in organization, plant and equipment.

In practice these committees discuss the manpower implications of change well in advance of action. Suggestions from employee representatives are encouraged and used where feasible. The Company endeavours to keep employees fully informed about Company progress and future plans through these committees and printed media.

APPENDIX "C"

AMERICAN CASES

a sampling

Review: "A Behavioural Theory of Labour Relations"

Walton and McKersie (McGraw Hill)

Charles A. Myers writes (Harvard Business Review, July-August 1966, "Behavioural Sciences For Personnel Managers",) that while "some recent writings by behavioural scientist on labour negotiations seem to have been done in complete ignorance of the extent of literature on collective bargaining," the recent textbook of bargaining theory by two professors in business schools at Purdue and Chicago, Richard E. Walton and Robert E. McKersie, entitled, "A Behavioural Theory of Labour Negotiations" does, in contrast, take into account the recent literature of bargaining strategy, behavioural science research and case studies of actual collective bargaining experience.

The underlying theme of Walton and McKersie's book is that labour-management negotiations are, in fact, social negotiations as seen in the light of the latest research in the behavioural sciences field. In their words, "Social negotiations ... (has been chosen) to stress attitudinal and organizational aspects of this process not present in many other instances of commercial negotiations and not in many theories of bargaining or gains" (p. 3).

The authors' view labour-management negotiations as comprising four systems of activities, each with its own function for the interacting parties, its own internal

logics and its own identifiable set of instrumental acts or tactics. They are:

(1) Distributive Bargaining. This is more closely allied with current collective bargaining in which each party battles over the distribution of the joint product.

(2) Integrative Bargaining. This kind of bargaining is used to find common or complementary interests and to solve problems of both parties.

(3) Attitudinal Structuring. This subprocess is designed to affect the basic bonds which relate the two parties. It maintains or restructures the attitudes of the parties towards each other.

(4) Intra-organizational Bargaining. This has the purpose of achieving consensus in each of the interacting groups before the actual union-management bargaining takes place.

The above model based upon the four subprocesses is also used by the authors in this text to illustrate its role in the other major areas of conflict - international relations and race relations.

The authors study and apply the latest social and psychological findings in the two subprocess of 'integrated bargaining' and 'attitudinal structuring', and attempt to demonstrate the interaction of the four processes. They stress the fact that attitudinal changes can affect

bargaining and power relationships strongly but point out that attention to attitudes alone will not assure constructive agreements. Distributive or power bargaining has a role and there are important economic and political factors which must be considered.

Case Study: International Harvester Company and United Automobile Workers

A striking example of what happens when a company and/or a union depart from the "containment-aggression" approach to mutual accommodation is found in the recent history of relations between the UAW and the International Harvester Company in the U.S.A. Information has been derived in this case from (a) the summary contained in Walton and McKersie's text; (b) "Avoiding Written Grievances: A Successful Program" by McKersie and W.W. Shropshire Jr., Journal of Business, University of Chicago, April 1962; (c) discussions held in March 1968 with the senior responsible official, the vice-president of labour relation of the company and the senior responsible union official of the United Automobile Workers at present assistant to the vice-president of the agricultural implements section of the United Automobile Workers. This case has been chosen because it has been quite thoroughly researched, it has been looked at on the basis of modern behavioural science theories, it has continued as a

successful project over a period of several years, both sides represent major and powerful organizations, and its situation is not unparallel to a number of those observed in the Canadian case studies. Highly important for this study, it demonstrates effectively the broad role of communications, not only between the company and the union but between the company and its plant level supervisors and between the senior officers of the United Automobile Workers and the shops stewards in the plants.

(Note: Additional studies have been made on the International Harvester Company by McKersie "Structural Factors and Negotiations in the International Harvester Company", in A.R. Webber's text "The Structure of Collective Bargaining", and "International Harvester Company; the 1955 Negotiations and Strike" in Selekman, Selekman and Fuller, second edition.)

During the 1954-59 period just prior to the change of approach, International Harvester consisted of some 14 plants in mid-western United States and approximately 30,000 employees. Today the United Automobile Workers has approximately 40,000 members in the International Harvester company. The firm produces farm equipment, construction equipment and motor trucks.

Post-war Situation

The company and the union engaged in strong bargaining throughout this period until a first step towards improving the relationship began in 1955 and culminated in a "new look" starting in 1960. Causes of the post-war difficulties were numerous, one of which was a major union fight for control of the employees, resulting in eventual success for the UAW. Virtually every contract from 1946 to 1960 was accompanied by strikes.

A high rate of wildcat

strikes occurred throughout this period as well. The first contract without a strike since the war occurred in 1961. Perhaps the most telling indication of the relationship between the company and the union, is the fact that between 1954 and 1959, the number of grievances advancing to arbitration totaled 48,538. By contrast during the past 10 years, some 12 grievances only have come to arbitration as a result of the "new look" and some 15 Company Lawyers no longer require to spend their full time on arbitration cases. One plant, for example, had 200 wildcat strikes in one year. Wildcats are virtually unknown at the present time in this plant. The past two contracts have been negotiated successfully without strikes, no arbitrations at all have taken place in the last four years.

A major change of attitude has taken place on the part of both the union and the company towards each other. Communications between the company and the union at all levels between company senior management and its supervisors and between the international union and its officers in the plants at all levels have significantly improved. The company feels that there has been significant improvement in production as a result of these changes and an important lessening of cost in the whole process of daily relations with the unions through grievance procedures and through bargaining.

The unions have achieved a greatly improved rapport between international officers and the plant representatives. In the past whenever the Harvester union council would meet permitting international representatives and the local representatives to discuss over-all issues between themselves and the company the meetings were primarily 'bitching' sessions alluding to participants. Under the "new look" these sessions now consist of serious attempts to resolve problems.

The issues between the company and the union were never primarily a question of wages and benefits. Throughout this whole post-war period until this present time, International Harvester have had higher, or at least as high wages as the general UAW bargained levels. And benefits in most cases have been as good if not better than those in the industry or areas. This situation has remained the same. It is to be noted also that some of the strikes were long and bitter, including a 14-month strike. Prior to this new period, the company was difficult to approach in areas which concerned the union but did not come under the contract precisely.

Within the union too, there has been no "inner revolution". No contracts have been rejected during the past "new look" period; there has been no leadership revolt and, except for a short period of politicking as a result

of the initial change, there has been general acceptance of the 'new approach'. Both sides agree that the development of better communications and their continuation has been a significant factor in the improvement of relations.

The Changeover (a brief summary)

The immense problems associated with a contract which had grown to over 300 pages - not including supplementary agreements - in a legal attempt to deal with the massive and growing numbers of unresolved grievances and with the strained tenor of relations at local plant levels weighed heavier each year on senior company and union officers. Various legal and structural approaches were tried such as reducing steps in the grievance procedure, special conferences and boards to handle the problem, etc. Early in 1957, agreement was reached to have a moratorium on arbitrations and to set up special joint review boards. At each location, central and local personnel together reviewed and resolved grievances. The boards not only began to resolve grievances, but the various parties found a communications mechanism through which each could appreciate the various problems at various levels. It was a start only.

Contract negotiations began in 1958 with some 30,000 unresolved grievances before the parties. Clearly, the handling of grievances at the local level between

foremen and men had almost completely broken down. Employees and union stewards learned that masses of grievances got more attention than single ones. Foremen learned they could shove grievances up the system and could forget them for "years".

No Written Grievances

In desperation, at the end of 1959, Manager of Industrial Relations for the Company, W.J. Reiley, Arthur Shy, Assistant Director of the Harvester Department for the U.A.W., and permanent arbitrator David Cole (who had been asked the year before by both sides to undertake "mediation" of grievances) hit upon the idea of handling employee complaints orally at lowest possible levels.

The Memphis plant was selected early in 1960 as a trial center, due to its high volume of unresolved grievances.

Reiley and Shy met separately with Memphis leaders on each side - then joined them together to take on the problem solving task. A typical grievance case was sought and the foreman and the steward involved were brought to the committee to bring the facts of the case. Each presented different facts - and were sent back to get the "agreed" facts. Once the "facts" were clarified, the issue was readily solved.

Both sides endorsed the idea of minimizing written

grievances, and within a short time written grievances vanished as problems were solved, face to face, orally and immediately between foremen and men, and-or with union stewards at Memphis.

Moving to the company's Emeryville, California plant, Reilly and Shy this time emphasized avoiding written grievance entirely. Results here were also dramatic.

The joint meetings held by Reilly and Shy were usually three to four hours in length with ample time for questions and discussion in a free, confidence-creating atmosphere. Reilly describes the intention of the meetings thus, according to McKersie and Shropshire "we don't want paper going up in the organization, we want people going down; we want to avoid the litigation approach of the past and adopt a problem-solving attitude; we should not be worrying about decisions but about solutions; the emphasis should not be on who is right but what is right; if an employee has something coming, he should get it now, if he has nothing coming, he should be told now."

Men must learn that foremen will help solve problems; foremen must get all the facts. If foremen and Steward cannot solve a problem, others are to be called in. If the local people are still unsuccessful, central groups should be contacted. All these events were to take place quickly, informally and orally. The problem should be solved

the day it arose.

All plants were covered by the program after the initial successes. Both company and union officers helped to make the program work. Special training programs were sometimes conducted for foremen and stewards. Top management lent full support.

McKersie and Shropshire note that many benefits have resulted as well as those listed above. "Tension and dissention within the union and within the company have been reduced." In 1960, 6000 grievances were unresolved at start of program - During 1961 all the backlog were cleared up. Foremen now view employee complaints as problems to be solved instead of fighting them at every step as before. Employees now see their grievances solved in front of them, immediately as a rule. "At the local level the relationship between management and unions has for the most part shifted from one of conflict to one of co-operation under the new program. Informality has also increased."

Internal union relations have also improved as noted earlier since they are not continually struggling with a backlog of unresolved grievances, but are able to go on to focus, on current, employee problems and on servicing the locals. No 'give aways' are encouraged by either side.

"Relations have also improved within the company. Lower management feels that important and final decisions are now being advanced at its level". Thus more skillful administration is required for quick decisions and to prevent too great variations in decisions between different groups and plants. Paperwork is vastly reduced.

Additional material and evaluations may be noted in the various studies of this case noted above.

Cases Drawn From Files of the United States
Federal Mediation and Conciliation Services

FMCS CASE #365-7A

<u>TYPE OF CASE</u>	Labor-Management Committee
<u>COMPANY</u>	A stove manufacturer
<u>UNION</u>	A small industrial union
<u>LOCATION</u>	A southern state
<u>NUMBER INVOLVED</u>	Approximately 154
<u>ORIGIN</u>	An immediate need for establishment of the Labour-Management Committee was clearly revealed during contract negotiations.
<u>OBJECTIVES</u>	Improved communications; expeditious grievance procedure; interpret and understand contract; establish a sound and workable relationship.
<u>NUMBER OF MEETINGS</u>	
<u>PARTICIPATED IN BY</u>	
<u>FMCS</u>	Eight
<u>PROBLEMS HANDLED</u>	
<u>OR AGENDA</u>	Expediting grievance procedure and settlement at proper level. Improvement of communications, particularly in issuance of management instructions -- "go through channels." Improving physical appearance (paint up, clean up) of plant. Hearing of "gripes."
<u>APPRAISAL OF RESULTS</u>	After several meetings with the mediator, there was a marked improvement in relations between the parties. 90% of the grievances are now settled in the first step of the procedure. The plant has been cleaned up and hazardous conditions eliminated. Co-operation with supervisors is excellent, including acceptance of temporary transfers or assignments without question or dissatisfaction. The company was sufficiently impressed with the success of this program that it initiated the same type program with another union within the same plant.

FMCS CASE #765-10A

TYPE OF CASE

Joint Training and Committee

MANAGEMENT

Aerospace Company

UNION

Industrial-Craft Union

LOCATION

Western state

NUMBER INVOLVED

17,000

ORIGIN

An impasse, which developed in a bitter 1962-63 contract dispute over the union shop issue, was settled by agreement on a four-point Company-Union Cooperation Program proposed by the FMCS. The Program was designed to meet union difficulty in maintaining membership and member communication in view of large employee turnover.

OBJECTIVES

Assist the parties in developing better contractual relationship by implementing the Cooperation Program.

NUMBER OF MEETINGS

PARTICIPATED IN BY

FMCS

Approximately 100

HISTORY AND

APPRAISAL

The agreed-upon program consisted of (a) a joint steward-training endeavor, (b) regular quarterly meetings between top officials of both sides to discuss broad general problems, (c) a joint committee to control medical costs, and (d) a jointly-drafted letter issued by the company to new employees urging them to consider becoming union members.

The FMCS helped in the formulation of the steward-training program in which some 500 union stewards were schooled in contract requirements and employee rights as well as in collective bargaining, labour history, and economics. The training course was so successful a parallel training course was instituted for company foremen. Both sides report that the Program has resulted in a permanently improved relationship, medical costs have been stabilized, and the union reports a substantial voluntary membership increase.

FMCS CASE #565-6A

TYPE OF CASE

Joint Labor-Management Committee

COMPANY

A lumber producing mill

UNION

A small industrial union

LOCATION

A mid-western state

NUMBER INVOLVED

275

ORIGIN AND

BACKGROUND

The mill was formerly run by the U.S. Government on an Indian reservation. In 1961 it was turned over to the Indians on the reservation. The reservation became a county for the state. The mill was about to be forced into receivership. If this occurred, the county (the reservation and its population) would become a ward of the state. The income from the mill not only supported the population on the reservation, but it also paid 94% of the county's tax.

OBJECTIVES AND

PROBLEMS HANDLED

To improve the relationship among employees, the union and management. To deal with such problems as absenteeism, layoffs, quits, transfers, inefficient operations, plant-wide bidding and other problems interfering with increased production and efficiency.

NUMBER OF MEETINGS

PARTICIPATED IN BY

FMCS

Thirteen to date -- participation continuing.

APPRAISAL OF

RESULTS

The program was initiated in January 1964. By June, significant progress had been made, and production was at an all-time high. As of November 3, 1964, both parties felt significant progress was continuing to be made and great benefit was being derived from the labor-management committee meetings.

FMCS CASE #464-10A

TYPE OF CASE

Labor-Management Committee

COMPANY

Sports equipment manufacturer

UNION

A small industrial union

LOCATION

A mid-western state

NUMBER INVOLVED
BACKGROUND

270

The collective bargaining contract provides for mediation in the last step of the grievance procedure prior to a strike or lock-out. Communication between the parties was poor. Increasingly, settlement of specific grievances was being reached under the threat of strike action or actual strike action -- further worsening the bargaining relationship.

OBJECTIVES

To demonstrate to the parties more rational and satisfying ways to settle issues and solve problems than strike threats or strike action. To persuade them to use the joint labor-management committee approach and specifically to improve and strengthen the grievance procedure in the first and second steps.

NUMBER OF MEETINGS
PARTICIPATED IN BY
FMCS

Six

APPRAISAL
OF RESULTS

The parties established a labor-management committee which led them to a new approach in handling grievances and to an improvement in their over-all relationship. The result has been fewer strikes and fewer threatened strikes over grievances. Due to the progress made by the parties, the mediator withdrew after the first six meetings.

FMCS CASE #263-165A

TYPE OF CASE
MANAGEMENT
UNION
LOCATION
NUMBER INVOLVED
ORIGIN

Study Committee - Contract Issues

A Fiber Plant

A small industrial union

A Mid-Atlantic state

375

Contract negotiations resulted in a committee recommended settlement. This settlement was rejected by the union membership. The major problem "bumping procedures," was finally set aside and turned over to a study committee with a 10 month settlement limitation.

OBJECTIVES AND
PROBLEM HANDLED

First, to settle the thorny problem involving bumping procedures and the return of foremen to the bargaining unit due to the automation of current facilities. Work to improve the overall relationship. Possible study of other problems which may lead to early settlement or provide a sound basis for future negotiations.

NUMBER OF MEETINGS
PARTICIPATED IN BY
FMCS
APPRAISAL OF
RESULTS

Five

A fine relationship now exists between the parties. The bargaining procedures and the foremen problem have been resolved. The committee has been renamed "steward-management committee" and is now considering and discussing non-bargaining issues and the new committee has been publicized in the company newspaper.

FMCS CASE #164-4A

TYPE OF CASE
COMPANY
UNION
LOCATION
NUMBER INVOLVED
ORIGIN

Consultation
An electronic corporation
A combination craft-industrial union
An eastern state
650

At the conclusion of a 10-week strike, some 85 grievances were pending. The parties were hurling charges at each other. The grievance machinery was not functioning properly and definitive answers were not being given. In an effort to improve the situation, the mediator initiated off-the-record, separate meetings with the parties.

OBJECTIVES

To "get to the bottom of the recent difficulties at the plant" and to assist in improving the bargaining climate and the relationship between the parties.

NUMBER OF MEETINGS
PARTICIPATED IN BY
FMCS

Eleven meetings have been conducted by the mediator, and his activity is continuing.

PROBLEMS HANDLED

The major problems dealt with developed mainly from the poor relationship between the parties. The union officials generally were on the defensive and aggressively pushed nearly every grievance to arbitration. The foremen generally were quite brash and arrogant. These attitudes contributed to the large backlog of grievances.

APPRAISAL
OF RESULTS

There has been a distinct improvement in the parties' relationship. Most grievances are being settled at the first or second step. The union is acting more responsibly and it is selective in the grievances it processes to arbitration. Both the union and the management are educating their stewards and foremen in day-to-day in-plant labor relations. A new employee magazine, published at the suggestion of the mediator, is helping to improve communications.

FMCS CASE #563-19A

TYPE OF CASE

Training--Shop Stewards and Supervisors

COMPANY

A parts manufacturer

UNION

A large craft union

LOCATION

A mid-western state

NUMBER INVOLVED

2,000

ORIGIN AND

BACKGROUND

The mediator assisted the parties in settling a series of wild-cat strikes. Both parties requested the mediator to assist in establishing a continuing program to help solve day-to-day problems.

OBJECTIVES

To re-establish respect between the parties and improve their overall relationship through an educational program.

NUMBER OF SESSIONS

Eighteen meetings were held, of which 12 were training sessions. The other six were devoted to improving grievance procedures, and involved such programs as job posting, and setting up study groups on forthcoming contract issues.

AGENDA

Contract interpretation, grievance handling, training of first-line supervisors and labor relations, including 37 audio-visual presentations of FMCS films.

APPRAISAL OF
RESULTS

No unauthorized work stoppages have occurred since the inception of the program of training of shop stewards and supervisors. The director of industrial relations sent a communication to the Director of FMCS stating that the mediator had "created an atmosphere whereby the company and the union representatives have been able to resolve problems which they were apparently not able to resolve previously".

FMCS CASE #665-26A

TYPE OF CASE

Training--Supervisory Foremen and Shop Stewards

COMPANY

A manufacturer of electrical equipment

UNION

A large industrial union

LOCATION

A mid-western state

NUMBER INVOLVED

425

ORIGIN

During the last contract negotiations, the mediator recognized there existed an extremely inadequate labor relations program. Internal problems were aggravated by an openly anti-union attitude, lack of communication among top management, poor supervisory practices, internal union politics, ignorance of company policies, etc. The mediator persuaded both sides to participate in an overall preventive program with emphasis on supervisor and steward training.

OBJECTIVES

To improve the labor relations climate and create a better working relationship between the parties.

NUMBER OF MEETINGS
PARTICIPATED IN BY

FMCS

Twelve meetings have been held to date. The mediator has conducted seven training sessions consisting of the following: labor law and history, the supervisor's role in labor relations, the shop steward's job, foreman training, audio-visual presentation to executives, etc. Five joint labor-management committee meetings have been conducted. The mediator also assisted in the preparation

AGENDA

of a company-employee manual.

APPRAISAL
OF RESULTS

These efforts have proven highly successful to date. Suspicion between the parties has diminished. The day-to-day as well as the overall relation has improved.

FMCS CASE #464-169A

TYPE OF CASE
COMPANY
UNION
LOCATION
NUMBER INVOLVED
ORIGIN AND
BACKGROUND

"Early Bird" Negotiations
An Air Products Manufacturer
A large industrial union
A border state
500

OBJECTIVES

Previous negotiations resulted in an 11-week strike in 1959, and a 16-week strike in 1962. During 1963, mediators made 18 contacts with the parties in an attempt to establish a joint labor-management committee. Originally, to establish a joint labor-management committee to eliminate mutual distrust, hostility, misunderstanding which characterized the relationships between the parties. As of January 1964, mediators proposed and motivated the parties to begin contract negotiations early.

NUMBER OF MEETINGS
PARTICIPATED IN BY
FMCS
PROBLEMS HANDLED

Eight
Informal separate meetings between the parties with the mediators developed into "early bird" contract negotiations with mediation assistance. In eight meetings, mediators assisted in the consummation of contract in July 1964, some nine months before the April 1965 expiration date of the old contract.

APPRAISAL OF
RESULTS

Local newspaper commended the early trouble-free settlement and the FMCS role in achieving it. Company vice president wrote FMCS his thanks for "a very real contribution" to labor peace.

In a number of situations where the need appeared urgent, FMCS mediators have attempted, but failed, in their objective to establish joint labor-management committees or some form of continuing dialogue between the parties during the contract period. Some of the recurring objections made by the parties are listed below:

1. Impending or actual strike dampened interest.
2. Decertification proceedings.
3. Some over-shadowing major issue unresolved by the parties.
4. The belief that training programs for shop stewards and union officials should be conducted exclusively by the union.
5. The resistance of multi-employer groups to such participation by individual employer members.
6. National office headquarters refusal to permit local plant managers to participate in joint committees.
7. Companies unwilling to participate because of weak unions.
8. Union officials' belief that their security depends upon a militant rather than a co-operative posture.
9. The reluctance of new industrial relations directors to embark on untried programs.

10. The fear of individual company attorneys and union international representatives that such ventures would adversely affect their prestige and authority.

11. Opposition to Government involvement except at the time of stalemated negotiations.

Ed: Many of the above have been overcome in a number of Canadian cases, in provinces, i.e. Nova Scotia, Prince Edward Island and Manitoba, where joint provincial labour management committees have created a 'climate' and lent 'acceptable' authority to introducing new approaches within individual plants.

REVIEW: CAUSES OF INDUSTRIAL PEACE

An Extract Summary of the Highlights of the Final Report
From 'Looking Ahead', May 1965,
National Planning Association

The National Planning Association's Final Report in the series on the Causes of Industrial Peace Under Collective Bargaining (1948-53) is now out of print. At the time of their publication, these reports received wide publicity and distribution in the United States and abroad; they were used at labor-management forums, in workers' education programs, and in the classrooms in courses on business administration, industrial relations, and personnel administration. Even today, the NPA continues to receive many inquiries about the series. It was felt, therefore, that it would be useful to make available through Looking Ahead this extract summary of the highlights of the Final Report.

The series of NPA reports on the Causes of Industrial Peace Under Collective Bargaining grew out of a statement made at an NPA meeting in 1946 by the late labor leader and former vice president of United Steel Workers of America, Clinton S. Golden, chairman of the NPA Labor Committee: "In my opinion the time has come when, instead of looking into the cases of conflict that we know and hear so much about, we ought to try to discover how much peace

there is and what makes peace."

Accordingly, a special committee of industrial relations experts was formed under Mr. Golden's chairmanship and set out to survey in detail the labor-management relations of several companies and unions which had maintained a successful and peaceful working relationship. The seven-year study was made possible through the generosity and support of John Hay Whitney, then a member of the NPA Board of Trustees. Fourteen reports were issued between 1948 and 1953, and in 1955 Harper & Brothers published a condensed version of the reports (now out of print).*

In the United States, as in other parts of the world, the history of workers' attempts to extend union organization and to win employers' recognition and acceptance has been characterized by resistance and conflict. The period of strife at the turn of the century, and immediately following World War I, initiated inquiries by the Federal government into the causes of industrial conflict and created workers' fear of the vast power and influence of corporations and industry, a fear which became a part of the

* Causes of Industrial Peace Under Collective Bargaining, edited by Clinton S. Golden and Virginia D. Parker, for the National Planning Association, Harper & Brothers, 1955, 369 pp., \$4.75.

folklore of the labor movement and which has been bequeathed to the present generation of union members.

But starting in 1935, there was a remarkable change in the climate of industrial relations in the United States. New techniques for peaceful settlement of disputes were discovered and applied, and there was a steady growth of mutual confidence between labor and management, and of mutual appreciation of their respective roles.

In 1935, the National Labor Relations Act - the Wagner Act - was passed. It legalized and safeguarded the right of workers to join and form bona fide labor organizations for purposes of collective bargaining. It also put management under obligation to bargain with union representatives and to reach mutual satisfactory collective bargaining agreements.

The Wagner Act spurred the growth of the union movement in the United States: in the decade following its passage, union membership grew from three to 15 million. But it also brought problems of readjustment to both management and labor, especially during the war years.

In an older and less resilient society, a movement involving millions of organized workers intent upon having a voice in determining the conditions under which they would be employed, would have had profound revolutionary implications, if not consequences. Yet the presumably

immovable object symbolized by industrial management and the seemingly irresistible force of millions of newly organized workers met without a shattering collision.

Beginning in 1937, thousands of collective bargaining agreements were negotiated for the first time between union representatives and management. Many held that this was a "shotgun marriage." Many newly negotiated agreements covered only a short period of time - usually one year - reflecting the management's lack of faith in the permanence of unions, and also perhaps reflecting the union leaders' own lack of confidence not only in the good faith of the management but also in the cohesiveness and solidarity of their own organizations.

Still, the frequently unwilling partnerships endured. Contracts were renewed, positions secured and solidified. This phenomenon remained largely unnoticed by the public, and even by the "labor experts" who continued to spotlight trouble. Whenever strikes did result from inability to reach an agreement, they were widely publicized, dramatized, and their significance frequently exaggerated and misinterpreted. For example, in 1946, when the American public heard or read about more strikes than ever before in our history, more than nine out of every ten contracts between employers and unions were negotiated peacefully. Compared with the big strikes in earlier American labor

history, there was also little violence in the post World War II strikes.

In the industrial relationship there are two principal elements - the employer and the employee. Their interests are not completely mutual. The employer represents, and is concerned primarily with, a property interest which in turn is directly related to the financial interests of a limited number of stockholders or owners. The interest of the employees' organization or union is primarily that of people and is concerned with their material as well as their spiritual and psychological interests and needs. In modern society each of these elements is interdependent rather than completely identical.

NPA's concern in the study of causes of industrial peace has been to ascertain how historically hostile groups can coexist on a basis of reasonable equality of position in the enterprise, and how they can at the same time participate in a common endeavor from which both seek security, opportunity, and sustenance.

As the work progressed, there emerged an ever clearer definition of "industrial peace" and "good union-management relations."

The study defined industrial peace as the product of the relationship between two organized groups - industrial management and organized labor - in which both coexist, with

each retaining its institutional sovereignty, working together in reasonable harmony in a climate of mutual respect and confidence.

Within the framework of this definition, wide variations may be observed in the quality of the relationship. The variety of relationships encompassed by the studies illustrates the dynamic quality of our democracy and its expanding nature. The studies indicate the willingness of the workers, while deeply dedicated to individual freedom, to subordinate voluntarily, in varying degrees, their individual interest to that of the work-place group. A major characteristic, common to all the companies studied, was that over the years each party to the union-management relationship learned how to advance its own long-run basic interest while making political and economic compromises in dealings with the other.

The external environment was found important in providing a range within which labor and management can help to determine the quality of their relations. Some of these environmental factors are more fixed than others, the Committee found, and the existence of several relatively fixed unfavorable environmental factors may predestine the parties to a certain type of relationship, though "environment itself can be changed over time."

We cannot lose sight of the fact that peace is

something much more than the mere absence of overt conflict. In industrial peace, as in international relations, there are relative degrees of peace. These range from a precarious equilibrium of mutually hostile forces for a stated period of time to an enduring, harmonious, and co-operative relationship of a really creative character. Under present conditions, neither extreme represents the typical. There is some evidence, though, that we are moving from the first in the direction of the second which may be thought of as the ideal.

The statistical analysis of answers to a questionnaire sent by NPA in the course of the study to both labor and management representatives in 400 companies, seems to imply that neither the size of the plant, the kind of industry, nor the relative level of wages is the key to industrial peace. Basic causes lie elsewhere.

The NPA Committee listed nine basic causes of industrial peace under collective bargaining. It found them applicable to labor-management relationships outside the scope of the survey.

The causes (and preconditions) of industrial peace are these:

- There is full acceptance by management of the collective bargaining process and of unionism as an institution. The company considers a strong union an asset to

management.

- The union fully accepts private ownership and operation of industry; it recognizes that the welfare of its members depends upon the successful operation of the business.

- The union is strong, responsible, and democratic.

- The company stays out of the union's internal affairs; it does not seek to alienate the workers' allegiance to their union.

- Mutual trust and confidence exist between the parties. There have been no serious ideological incompatibilities.

- Neither party to bargaining has adopted a legalistic approach to the solution of problems in their relationship.

- Negotiations are problem-centered: more time is spent on day-to-day problems than on defining abstract principles.

- There is extensive union-management consultation and information sharing.

- Grievances are settled promptly, in the local plant whenever possible. The procedure is flexible and informal.

These points make it clear that a strong management working with a strong union, each confident in itself

and in each other, independent yet inter-working, are essential to industrial peace. When these points are met, together with the requisite environmental factors and psychological attitudes, evidence indicates that in each of the cases studied a relatively peaceful and stable relationship ensued.

As a result of the NPA Case Studies, we know more about the importance of the formative period of the industrial relationship and how it evolves. We have a better understanding of the psychological factors affecting labor-management relations, and the usefulness of certain approaches, policies, and procedures in helping to achieve industrial peace without the intervention of third parties.

